

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday January 8 1985

D 8523 B

Politics enter a new era in Singapore, Page 3

No. 29,518

NEWS SUMMARY

GENERAL

Belgian reshuffle ahead of election

Belgian Prime Minister Wilfried Martens has helped to prepare his coalition for a general election at the end of the year with a Cabinet reshuffle.

The most significant change is the appointment of a senior Flemish Liberal politician and former minister, Mr Frans Grootjans, as the Minister of Finance with the rank of Deputy Prime Minister. He replaces Willy De Clercq, who becomes a European Commissioner.

Pacific move rejected

The future of New Caledonia, France's distant territory in the South Pacific, was again thrown into uncertainty after the rejection by the island's government of a referendum plan for a phased move towards a new status of independence in association with France.

Cyprus reshuffle

President Kyprianou of Cyprus reshuffled his Government 10 days before crucial talks with the Turkish Cypriot side on a political settlement for this island.

Gulf attack

Iraq said it attacked two ships in the Gulf close to Iran's oil terminal at Kharg Island.

Salvador plot

Salvadoran President José Napoleón Duarte said the murder of his chief government physician investigator was part of a plot by the ultra-right wing Nationalist Republican Alliance.

Israeli pledge

Israeli leaders pledged to bring all the black Jews in famine-stricken Ethiopia to Israel.

Zaccaro guilty plea

Mr John Zaccaro, the husband of Ms Geraldine Ferraro, the unsuccessful Democratic U.S. vice-presidential candidate, admitted charges of scheming to defraud in connection with a \$15m loan for a New York property deal.

Libyan call

A Libyan newspaper has said all Libyan students held in British jails must be set free in return for the release of four Britons held in Libya.

Chile protest

Thousands of people holding red carnations and Communist flags turned the Santiago funeral of the widow of Chile's most famous poet, Pablo Neruda, into a demonstration against the military Government.

Cold Europe

Snowfalls and one of the most severe cold spells of the century paralysed much of Europe. At least 20 people were reported to have frozen to death or been killed in accidents.

French TV strike

France was deprived of its first taste of weekday breakfast television by an industrial dispute.

Surgery for princess

Princess Margaret, sister of Britain's Queen Elizabeth, was recovering in a London hospital after an operation to remove a piece of her lung, found to be "non-malignant".

Paris newspaper

A new French newspaper, Paris Ce Soir, appeared on sale with François Jobert, former minister in governments of the left and the right as its main writer.

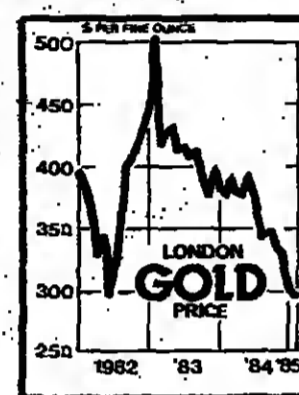
BUSINESS

Oxy and Diamond cancel merger

OCCIDENTAL Petroleum and Diamond Shamrock, two large U.S. energy groups, reversed their plans to merge the companies in another big shake-up of the U.S. oil industry only hours after "reaching agreement". The initial terms involved a "straight one-for-one share swap in the new company. See Page 12

WALL STREET: The Dow Jones industrial average closed up 5.63 at 1,100.59. Section III

LONDON equities hit a record high but fell after a record high for the FT Ordinary index rose 14.7 to 855.7. Section III



GOLD traded at its lowest level since August 1979 on the London market, undermined by the dollar's continued strength. It fell to \$295.25 at one stage before closing at \$296.5, \$5 down from Friday and the lowest close since June 1982. It was also lower in Zurich at \$297.85. In New York the Comex February settlement was \$303.70.

DOLLAR was firm in London, rising to DM 3.176 (DM 3.168), FFf 6.175 (FFf 6.162), Sfrf 2.648 (Sfrf 2.632) and ¥255.85 (¥254.1). On Bank of England figures, the dollar's index rose to a record 148.3 from 145.8. In New York it was DM 3.182, FFf 6.123, Sfrf 2.622, ¥254.15. Page 35.

STERLING was weaker in London falling 1.25 cents against the dollar to an all-time low of \$1.142. It was also lower at DM 3.625 (DM 3.635), FFf 11.095 (FFf 11.17) and Sfrf 3.0225 (Sfrf 3.03), but was unchanged at ¥242.0. Its exchange rate index fell 0.3 to 72.8. In New York it closed at \$1.133. Page 35.

TOKYO stocks climbed close to their all time high although the yen's decline and uncertainty about Wall Street kept trading low. The Nikkei-Dow market average added 30.36 to 11,575.52. Section III

CANADIAN authorities have asked some of the country's trust and loan companies to raise new capital to cover higher loan loss provisions after a sharp drop in property values. Page 13

WILLIAM LEECH, British house-builder, asked London Stock Exchange to suspend trading in its shares, raising speculation that a bid might be in the offing after last year's successful defence against C. H. Beazer. London Stock Exchange report, Page 29

SOUTH AFRICAN Reserve Bank raised its rediscount rate by a point to a maximum of 22.75 per cent after strong upward pressure in the money market. Page 3

PHB WESERHÜTTE, West German materials handling group, has won French approval for its takeover of Som-Delatre Sarrl, a Valenciennes-based group. Page 13

BRILZBEG brothers, controllers of a Canadian financial empire, have won the approval of the directors of Sovell, a U.S. manufacturer, for a \$300m takeover offer. Page 13

U.S. GOVERNMENT team opened three days of discussions in Moscow in the first high-level trade talks between the U.S. and Soviet Union since 1978. Page 4

Upturn in oil prices takes heat off UK and Norway

BY IAN HARGREAVES AND DOMINIC LAWSON IN LONDON

COLD WEATHER across most of Europe yesterday gave the oil market its first boost since October, raising spot prices of the main crude between 10 cents and 15 cents a barrel.

The rise in prices is likely to be seen by the British and Norwegian Governments as a further reason for delaying any decision on the future of their oil pricing systems.

British ministers are expected to discuss the matter this week, but the indications last night were that no early decision would be made. One possibility is that the UK will wait until the next full ministerial meeting of the Organisation of Petroleum Exporting Countries (Opec), which should take place at the end of this month, before announcing a decision.

In the first full day of oil trading after the holidays traders said there was a moderate level of activity. Estimates of the prices at which deals took place varied considerably, but Brent Blend, the main UK crude, changed hands at \$28.25-\$28.50 a barrel - a rise of about 15 cents from Friday's levels. Brent for February delivery was traded at \$28.10 a barrel - a gain of about 50 cents.

Although the effect of the cold snap on oil prices brought some comfort to the British National Oil Corporation, whose fourth quarter 1984 official price of \$28.85 is still way out of line with the spot market, traders seemed unimpressed with the market's response to Europe's first blizzard of winter weather.

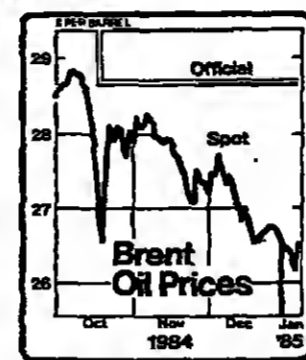
One trader said: "It would need icicles on the trees in June to get this market really moving." U.S. markets appeared particularly pessimistic, with West Texas Intermediate crude trading at \$23.50 a barrel, a rise of about 30 cents a barrel. Traditionally, West Texas has traded at a premium to Brent on U.S. markets, but it currently carries a discount of about 30 cents a barrel, underlining the more sombre tone of the market in the U.S. where the weather continues to be mild for the time of year.

Yesterday Sun Oil, a U.S. oil company, cut its posted price by one dollar to \$27.50. This is the latest in a series of such cuts in the past three months.

Heating oil prices in Europe showed strong gains, however - a normal response to cold weather. They were quoted \$8.50 a tonne higher in Rotterdam at \$226.50 a tonne. Fuel oil and gasoline prices were unchanged - an indication that as yet the market does not take very seriously the idea that the cold weather will bring about a supply

shortage leading to heavier consumption of crude oil in refineries. Traders and oil analysts agreed last night that it would take more than a bout of cold weather in Europe to produce a sustained recovery in prices.

The market is primarily looking for evidence that Opec has at last found an effective mechanism for controlling its output. An agreement to police member states' oil production, reached at the two Opec meetings held at Christmas has been greeted with derision in the oil market, but analysts said yesterday that Opec production this month appeared to be holding at the 18m barrels a day (b/d) agreed ceiling.



Mr Mehdi Varzi, the leading Opec watcher at London stockbrokers Grieson Grant, said Opec production had been cut so far this month by 0.5m b/d from its 18.5m b/d level in the fourth quarter of 1984.

Mr Varzi added, however, that Opec was still likely to be forced to cut its official price for light crude from \$29 to about \$25 a barrel in the coming months.

He is one of several commentators calling for Britain to curb its oil production in the interests of bolstering prices. This view has also started to be expressed privately by some major oil companies.

The immediate problem for the British Government and for BNOB is what price to set for the crude BNOB buys from North Sea suppliers. The price was \$28.85 a barrel until the end of last year, but BNOB has told suppliers that it is not yet able to set a January price.

Since BNOB's customers are buying all their crude at spot or spot-related prices, the maintenance of a \$28.85 supplier price would result in a further round of trading losses at BNOB, which are thought to have amounted to almost \$45m (\$51.3m) last year.

If it keeps the old official price

Continued on Page 12

Sterling slips ahead of money figures

BY PHILIP STEPHENS IN LONDON

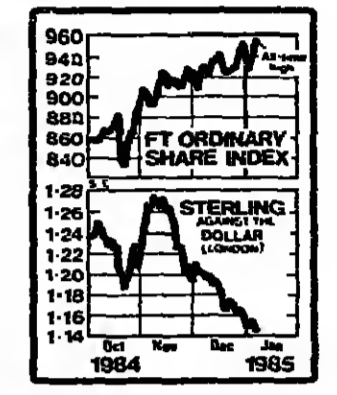
INTEREST rates in the London money market rose again yesterday and are expected to be translated into higher bank borrowing charges if the growth in the money supply during December was much above expectations.

The three-month London inter-bank rate put on 1/4 to 10% as the pound and dollar turned in a roller-coaster day on the foreign exchange markets. The London stock market, however, dismissed for the day its currency and interest rate fears, and institutional buyers moved in to drive the FT Ordinary share index 14.7 higher to a record close of 855.7.

In New York foreign exchange trading last night the pound recovered almost all the losses seen in European trading when the dollar ran into a bout of heavy profit-taking.

The see-saw day left the sterling at \$1.150 by the end of New York trading, while the dollar finished markedly easier at DM 3.13025 against the West German currency.

Earlier in Europe, the pound had lost 1.25 cents to close at \$1.143, its lowest ever London close. It also fell slightly against other leading



currencies and the sterling index calculated by the Bank of England closed at 72.6, down 0.3 from Friday.

The pound's fall of 1.25 cents against the dollar - was attributed to continuing nervousness over oil prices, and accompanied renewed increases in money market interest rates. The decline, however, has partly offset during early U.S. trading by a downturn in the dollar.

The higher London interest rates

Continued on Page 12

Commodities, Page 34

Shultz, Gromyko firm as Geneva talks open

BY PATRICK COCKBURN AND ROBERT MAUTHNER IN GENEVA

MR GEORGE SHULTZ, the U.S. Secretary of State, and Mr Andrei Gromyko, his Soviet counterpart, were yesterday locked in laborious talks here, trying to reach an agreement on a framework for a new series of arms control negotiations.

The talks, due to end tonight, were held in secrecy, alternately in the Soviet and U.S. missions to the United Nations. They were attended, apart from the two ministers, by only four high officials and an interpreter from each side.

No news was allowed to filter out of the meeting to hundreds of journalists cooped up in a press centre, but a small pool of U.S. correspondents, who were allowed to witness the opening of the morning and afternoon sessions said the atmosphere was businesslike if lacking in any obvious warmth.

The meeting began with no apparent change in the basic positions of the two sides. Mr Gromyko made it clear on arrival in Geneva on Sunday night that the Soviet Union was looking, above all, for a curb of space-based defensive weapons, the so-called star wars technology.

Without such an agreement Moscow would not be prepared to accept the limitation of offensive weapons, such as long-range ballistic missiles and the medium-range SS-20s targeted on Europe.

The Soviet Union has emphasised that President Reagan's plan to develop space-based weapons is a highly expensive and dangerous exercise which could only increase the prospects for a nuclear war by forcing Moscow to either match it or strengthen its offensive arsenal even further.



Mr George Shultz

The U.S. would prefer separate forums for negotiations on offensive and defensive weapons, with "umbrella" talks by high political officials to link the two sets of negotiations. The Soviet Union is unlikely to agree to such a procedure unless the U.S. makes a concession on the strategic defence initiative.

Geneva reports: The U.S. will brief its Nato allies immediately after the talks. U.S. officials said in Brussels yesterday.

A senior member of Mr Shultz's team will report to ambassadors of the 16 Nato countries at alliance headquarters on Wednesday.

John Hunt writes: Mrs Margaret Thatcher, the UK Prime Minister, last night underlined her belief that the U.S. research programme into star wars weapons systems should go ahead in spite of Soviet hostility towards it.

There have been some signs too, that the U.S. might be willing to accept a moratorium on the testing of anti-satellite weapons, if the Soviet Union is prepared to offer an acceptable quid pro quo on offensive weapons.

Mr Shultz and Mr Gromyko, whose talks lasted a total of about seven hours, divided into a morning and afternoon session, are concentrating their efforts on finding a structure for more detailed negotiations on arms control problems.

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1,200 UK miners end strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT, IN LONDON

THE UK National Coal Board (NCB) last night claimed success for its hopes of a renewed acceleration in the number of miners working in their strike. It said 1,203 men had returned to work yesterday.

The NCB said it was the largest return to work on a single day since mid-November - the peak of the previous surge back to work. Yesterday was the first full day of operations since the Christmas and New Year holiday period.

The return was concentrated in four areas - Scotland, the north-east of England, Yorkshire and North Derbyshire. Mr David Archibald, NCB board director for the North-east, said the day's figures were a further step forward "as this strike edges slowly and painfully towards its inevitable collapse."

The board's hopes, however, of a breakthrough in the militant South Wales coalfield failed to materialise. The board sent letters yesterday, pressing for a return to work in groups.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), described yesterday's total of "new faces" as a disaster for the NCB's back to work strategy. He insisted "the dispute is remaining solid" and claimed that there were now 140,000 miners on strike - more than when the strike began last March.

The coal board claims that 71,000 NUM members are working, out of about 188,000.

Mr Michael Eaton, the board's spokesman, said he hoped the two sides would resume negotiations before the anniversary of the start of the strikes. But he warned that

there would have to be something fresh to consider.

"What we require before we get back into negotiations," he said, "is the leadership of the NUM to accept the fact that the cost of coal production is a factor in whether a mine closes or not."

The divide between the two sides was emphasised when, speaking on the same television programme, Mr Scargill retorted: "I cannot see any purpose in discussing anything other than a solution based on the Plan for Coal" - the expansionist plan for the industry drawn up 10 years ago and which the NUM claims is being broken by the NCB with its pit closure programme.

Nine miners and a farmworker were jailed yesterday, one for three years, after admitting setting fire to five NCB buses.

UK coal exports, Page 5

Delors sees EMS development as path to greater EEC stability

BY PAUL CHEESBRIGHT IN BRUSSELS

M JACQUES DELORS yesterday took over as President of the European Commission and pledged to work for the development of the European Monetary System and the ECU, the EEC's own currency unit.

In his first public appearance as president, he said that development would contribute to "a less disorganised and erratic international monetary order."

Inside the EEC it could bring about greater stability, promote growth and fight unemployment. Of course, he said in a reference to the British Government's reluctance to take sterling into the EMS, "I still have to prove this to governments - that will be one of my jobs."

The impression M Delors apparently sought to give to about 300

journalists was that of a cautious optimist - no "Euro-pessimism," as he put it - who wanted to get on with the work in hand: "I am going to avoid being a showman because I think the whole thing would peter out fairly quickly."

He accepted the limitations of his power. The Community "is institutionally afloat," he has come up against the wall, he observed. If the balance is corrected - between the Council of Ministers, the parliament and the Commission - then the Commission is indispensable, he said.

His respect for the European Parliament was made clear at the outset. He refused to talk about his four-year programme until he had presented it to the parliament next



M Jacques Delors

Monday. The final details of the approach to be taken in Strasbourg

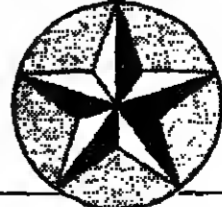
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CONTENTS

Europe	2
Companies	13, 15
America	4
Companies	13
Overseas	3
Companies	14
World Trade	4
Britain	4
Companies	16, 17
Agriculture	34
Appointments	7
Arts - Reviews	8
World Guide	8
Commodities	34
Crossword	32
Currencies	35
Editorial comment	10
Europe - options	29
Financial Futures	35
Gold	34
Int'l Capital Markets	35
Letters	11
Lex	20
Market Movers	20
Men and Matters	19
Money Markets	35
Property	34
Raw materials	34
Stock markets - Reviews	25
Wall St	25
London	25, 29-31
Technology	6
Unit Trusts	23-33
Weather	12

Singapore: politics enter new era	3
UK retail; S. Africa	12
Technology: expert systems for amateurs	6
Nigeria: austerity may not be enough	10
Editorial comment: India; UK stock exchange	10
UK pensions: seeking a workable system	11
Lex: Diamond Shamrock; UK retail; S. Africa	12
Steel: how Ivaco got a mill for nothing	13
Korea: Hyundai issue fails to boost stock market	14
Management: UK designers' dilemma	20
Air cargo: Survey	21-24

EUROPEAN NEWS

Flemish Liberal gets finance portfolio in Belgian reshuffle

BY PAUL CHEESERIGHT IN BRUSSELS

THE Prime Minister of Belgium, Mr Wilfried Martens, has brought his coalition government into a greater state of readiness for a general election at the end of the year with a cabinet reshuffle.

The most significant change is the appointment of a senior Flemish Liberal politician and former minister, Mr Frans Groenjans, as the new Minister of Finance with the rank of Deputy Prime Minister.

He replaces Mr Willy de Clercq, also a Liberal, who yesterday started work at the European Commission.

The reshuffle will be followed by a definition of government priorities, probably in February, for the remaining 12 working weeks left to the parliament.

Mr Martens goes to Washington next week for a meeting with President Reagan at which the domestically sensitive question of the siting of cruise missiles

Euphrates dam shares go on sale to Turks

By David Harding in Ankara

REVENUE-SHARING certificates in the Keban hydro-electric dam on the Euphrates went on sale across Turkey yesterday as the second step in the Government's privatisation scheme.

Like the sale in December of certificates for the Bosphorus Bridge, the issue was handled by the Turkish Bankasi, the semi-state-owned bank which has undertaken to buy all shares issued after a fortnight.

In common with the Bosphorus issue, this is a relatively small 11 400n (177m), split between three-year certificates sharing 11.5 per cent of the dam's revenue from electrical power, and those for five years sharing 10.5 per cent.

The General Directorate for Mass Housing and Public Partnerships says the three-year certificates should yield about 40 per cent tax free this year, the five-year ones around 38 per cent. Income should rise to 57.6 per cent and 64 per cent respectively at the end of their terms.

The Government has again selected a project in which investors are virtually certain to make a profit, barring a catastrophe destroying the dam on a change of government with hostile pricing policies.

The certificates were reported to be selling briskly and the Turkish Bankasi is unlikely to have to buy up any unsold shares. The Bosphorus Bridge issue sold out within hours.

Mr Turgut Ozal's Government, however, has now exhausted the stock of guaranteed profitable public-sector enterprises suitable for revenue-sharing. Which body will be selected next is unclear.

Moscow preaches doctrine of strategic parity

BY PATRICK COCKBURN IN GENEVA

FROM THE moment Mr Andrei Gromyko, the Soviet Foreign Minister, stepped from his aircraft here on Sunday, he has emphasised that U.S. investment in space technology—notably research into an effective anti-ballistic missile system—will upset the balance of power.

This is the repeated theme of pronouncements by Soviet leaders. They claim that the strategic balance between the superpowers, which has existed since the Soviet Union deployed its large intercontinental ballistic missiles in 1957-59, is not acceptable to the Reagan Administration. This, in turn, undermines the agreements and understanding reached between the U.S. and the Soviet Union in 1972-73, the most important of which was the Strategic Arms Limitation Treaty (SALT II).

Such strategic parity did not exist in the 1950s and 1960s. In 1959, for instance, U.S. intelligence was divided on whether Moscow had 300 or 1,000 intercontinental missiles capable of reaching the U.S. The actual figure turned out to be just four. Washington's confidence during the Cuban missile crisis was in part based on the knowledge of this advantage.

Since President Ronald Reagan's election in 1980, the Soviet Union has feared that, at bottom, he is not prepared to accept that there are two superpowers. It is this which gives Mr Reagan's Strategic Defence Initiative, the so-called Star Wars of 1983, such significance in Soviet eyes. Soviet leaders may be undecided about its capacity to pose a long-term threat to their nuclear missile force but they clearly comprehend that some at least in

Washington do not accept strategic parity.

Star Wars is regarded with suspicion as much as a symbol of such views as a military threat. But for all the alarm being expressed by the Kremlin, its tone is more confident than during Mr Reagan's first administration. In those four years, the balance of power did not change, despite the military and defence budgets totalling \$775bn in three years.

In 1980 the Soviet Union was on the verge of invading Poland. This would not only have involved a major military exercise, but might have unravelled the central European settlements agreed with West Germany and the other West European states in 1970-1975.

This has not happened but the political weakness of the

East European regimes remains by far the most vulnerable point in Soviet foreign policy.

Elsewhere, Soviet commentators sound almost surprised at the lack of friction on the ground between the superpowers. The one serious attempt by President Reagan to change the balance of power against the Soviet Union came in Lebanon in 1982, when a government friendly to the U.S. was installed in Beirut. Early last year, however, U.S. marines were withdrawn, and Syria, a strong Soviet ally, regained the dominance in Lebanon it had lost in 1982.

In Western Europe, President Reagan, though thwarted in his attempt to stop his NATO allies helping to build the Soviet pipeline to Western Europe, succeeded in having cruise and Pershing 2 missiles installed.

The start of their deployment was the occasion for the Soviet withdrawal from arms negotiations in Geneva at the end of 1982. But it is doubtful if Moscow truly considers these missiles as destabilising as it claimed. Marshal Nikolai Ogarkov, the former Soviet Chief of Staff, said last year that such are the numbers of nuclear weapons possessed by the Soviet Union and the U.S., which can be delivered by such a diversity of means, that no first strike was possible.

It is this conviction which probably contributed to near static Soviet defence budgets in the first three years of President Reagan's term. They rose little from their previous high level of some 13 per cent of gross national product, according to U.S. intelligence estimates.

rely. In considerable detail, the privileged reporter sketched out what he could muster, given the raw material he had to work on. "The pool felt that the atmosphere was unremarkable, free of tension or of levity," he would call it "flat" or "businesslike".

What price a quick agreement on ballistic missiles and space-based laser technology in such an atmosphere?

Honecker to make first visit to Nato country

BY LESLIE COLT IN BERLIN

EAST GERMANY'S leader Herr Erich Honecker is to make his first visit to a Nato country this year after Soviet objections forced him to call off a planned trip to West Germany last September.

Herr Honecker is to visit Italy "in the next few months" according to a report by the East German news agency. He will return a visit to East Berlin last year by the Italian Prime Minister, Sig Bettino Craxi.

Although East Germany's Westpolitik appeared to grind to a halt over Soviet objections to closer contacts with West Germany, Herr Honecker has emphasised that East Germany is seeking a "coalition of reason" with all countries.

Laurent Fabius, the French Prime Minister, is expected to visit East Germany in the first part of this year. It will be the first visit by a government head of one of the three Western allies in West Berlin.

who retain certain responsibilities for Germany. Sir Geoffrey Howe, Britain's Foreign Secretary is also expected to pay an official visit to East Germany this year following a visit to East Berlin last July by the French foreign minister.

Despite the collapse of Herr Honecker's trip to West Germany, relations between Bonn and East Berlin have survived the chill from Moscow, which continues to accuse West Germany of revanchism.

Even the entry last September of 150 East Germans into the West German Embassy in Prague failed to disrupt talks between the two governments on a wide range of topics. East and West Germany have collaborated since then for the first time to discourage East Germans from entering West German embassies in order to get out to the West.

Czechs to balance debt and currency reserves

BY OUR BERLIN CORRESPONDENT

CZECHOSLOVAKIA'S net hard currency debt, currently estimated at \$2.5bn, will be "balanced" by its hard currency reserves by the end of this year according to the chairman of the State Planning Commission, Mr Svatopluk Patac. He said Prague was consolidating its financial and loan "independence" from the West.

Mr Patac said Czechoslovakia would this year boost imports from the West of machinery and equipment by 14 per cent, ending a curb on these imports as a result of the stringent debt reduction programme. At the same time he noted that such imports in the past had been put to poor use. Czechoslovakia is known to have some of the most obsolete plant and equipment in Eastern Europe and has lost its former lead in fields such as textile machinery.

"We cannot go on forever recycling ourselves to imported machinery and equipment not being put into operation on schedule or failing to reach the projected parameters" he noted.

The Czechoslovak planning chief said national income is targeted to grow 3.2 per cent this year, the same as actual growth in 1984 when it rose 0.5 per cent over 1983. Industrial production this year is again expected to grow by 3 per cent, he said.

Mr Patac was critical of the shortcomings in research and development and said "gravest of all was that innovation was not the main factor in economic growth."

Management planning and control were also termed unsatisfactory and Czechoslovak factories and foreign trade organisations were said to be only slowly adapting to changing conditions on Western markets. Comecon countries, too, were growing more difficult to satisfy, Mr Patac noted, as the Soviet Union in particular was demanding goods of higher quality.

The planning chairman said a 4bn kwH shortfall in electricity production resulting from delays in the construction of new nuclear stations would adversely affect the country's "economy and ecology."

Private consumption in Czechoslovakia this year is to increase by only 4.2 per cent while the average monthly wage is to rise 1.3 per cent, reaching 2,900 Koruna (\$432). Mr Patac said the second phase of a new wage system to encourage individual performance and to increase wage differentiation is to be gradually implemented beginning

Six ministers sacked by Kyprianou

PRESIDENT Spyros Kyprianou

CYPRUS made sweeping changes to his cabinet yesterday, just two weeks after he ended an alliance with the powerful Akel Communist party. Reuter reports from Nicosia.

A government statement named new ministers for eight posts, including Interior, Defence and Finance, while the others were dropped, including three backed by Akel, although not party members, and Mr Christodoulos Veniamin, the longest-serving cabinet member, who had held both the Interior and Defence portfolios since 1975.

The Foreign Minister, Mr George Iacovou, prominent in preparations for a meeting in New York later this month between Mr Kyprianou and Mr Gorbachev, was one of four cabinet members to retain his post.

Akel helped Mr Kyprianou, who heads the Democratic Party, sweep back to power in the 1983 presidential election. But he ended the alliance last month, saying there had been disagreements over the handling of the Cyprus problem and that he needed broader political support.

Ex-politician arrested

A former West German Free Democrat politician has been arrested for alleged robbery of a jewellery store of DM 2m (DM 3m in gems and jewellery) two witnesses, the police told AP in Ludwigshafen. Herr Hans-Otto Scholl, former chairman and Whip of the Free Democrats in Rheinland-Palatinate, was arrested on Saturday.

Snow-shocked Romans recover at home

By James Baxter in Rome

ROME HAD its most peaceful working Monday for years yesterday as hundreds of thousands of Romans stayed at home recovering from the shock of the moderate but unwanted snowfall of the day before.

Many government offices were almost deserted and companies had to operate with skeleton staff as the bulk of the employees decided it was too difficult or dangerous to go to work. At lunchtime, the hars in the main piazzas were almost empty.

As a result, those buses that were running crunched to their destinations over uncleared snow and ice in record time.

Many Romans seemed content to accept the pleas of the authorities that Sunday's snow and heavy frost in Rome were such unusual events that they could be forgiven for making virtually no preparation for them.

The city administration possesses almost none of the equipment needed to clear snow from the streets. Rome's two airports have only the minimum of runway clearing machinery and the railway points in the Rome area are not fitted with heating to prevent freezing.

The last time Rome suffered a serious snowfall was in 1971 when the effects on the city were equally sensational. The airports were last closed by snow in 1965. A member of the Italian Pilots Association said that even if a decision had been taken to invest heavily in runway clearing equipment "it certainly wouldn't have been in working order."

The burden of the 15 centimetres of snow that Rome had to cope with was dwarfed by very heavy snowfalls and intense frost in recent days in the mountains of central and southern Italy and in the Alps. But in these areas—some of them only a few dozen miles from Rome—people are used to it.

Polish kidnap leader denies full responsibility for priest's death

BY CHRISTOPHER BOBINSKI IN TORUN

A FORMER captain at Poland's Interior Ministry, yesterday admitted in court to taking part in the kidnapping and murder of Fr Jerzy Popieluszko, the pro-Solidarity priest, but carefully avoided taking sole responsibility for the death of his subordinate.

Mr Gregorz Piotrowski, who led the three-man group from the Interior Ministry on their kidnap mission last October 19, made his statement at the end of a day-long hearing by the court of one of his subordinates, Mr Waldemar Chmielewski, a former lieutenant.

Mr Piotrowski's calm and self-confident manner, in the closely-guarded courtroom in Torun in north-western Poland, contrasted with the stammer and constant facial twitch of Mr Chmielewski.

The latter's appearance has lent credence to his claim that the kidnap and subsequent arrest have been a

long nightmare.

Today, Mr Piotrowski's evidence will show just how far he is willing to implicate his former immediate superior, Colonel Adam Pietruszko, who is also in court charged with instigating the murder. He has denied the charge.

Mr Piotrowski, 33, had achieved rapid promotion in the Ministry's department dealing with the Roman Catholic Church and Solidarity and he appears to be well aware of the political ramifications of the trial.

The question which still awaits a convincing answer in court is just how high inside the Interior Ministry was approval given for the kidnapping and the possible consequences for Fr Popieluszko. Mr Piotrowski is the first of the accused to be in a position to provide concrete evidence.

Both Mr Chmielewski and Mr

Leszek Pekala, the third man in the group, have mentioned higher authorities being "in the know." But their evidence suggests that they were told little by Mr Piotrowski.

However, Mr Chmielewski yesterday withdrew a statement questioning by the judge a reference in his pre-trial evidence to General Wladyslaw Cielon, a Deputy Interior Minister and the most senior name to be heard so far.

Mr Chmielewski's generally repentant tone changed yesterday when he was questioned by Mr Jan Olszewski, a noted civil rights lawyer, appearing for Fr Popieluszko's family. He became quite angry and refused to answer several questions as the lawyer sought to establish how the ethics at the Interior Ministry had enabled him to follow orders and perform the kidnapping.

Talks to avert Gibraltar chaos

BY TOM BURNS IN MADRID

SPANISH AND British officials will hold joint talks on each side of the Gibraltar border this week to avert what could be a chaotic reopening of the frontier in less than a month's time.

Border restrictions imposed in 1969 to press Spain's claims to the British colony are due to be lifted on February 5 when Sir Geoffrey Howe, Britain's Foreign Secretary, and Sr Fernando Moran, his Spanish counterpart, meet in Geneva to discuss outstanding differences over Gibraltar, including sovereignty.

The mayor of La Linea which adjoins Gibraltar said yesterday that as far as he and his

municipal authorities were concerned, there was a "total lack of preparation" for the opening.

Mayor Antonio Diaz Lara warned in a telephone interview that La Linea was not equipped to deal with the expected massive increase in tourism and that its services and supplies would be severely strained. An immediate concern is about traffic conditions as soon as the 10,000-odd Gibraltar vehicles are permitted to leave the confines of the Rock.

The talks are to be held on Thursday and Friday in La Linea and Gibraltar. The 12-member Spanish delegation is to be led by Sr Francisco Mayans, a senior adviser to Sr

Moran, and includes experts from Madrid as well as Mayor Diaz Lara. The British delegation will be headed by the Deputy Governor of Gibraltar, Mr John Broadbent, and includes local officials, and diplomats from London and Britain's Madrid embassy.

Before the joint meetings, the Spanish delegation will have discussions with mayors in the Campo de Gibraltar, the area surrounding the Rock. They are expected to demand considerable government aid. "We will be the shop window of Spain when the border opens and we have 8,000 unemployed, 34 per cent of the labour force in La Linea," Sr Diaz Lara said.

TV struck off the menu at breakfast

By Paul Setts in Paris

FRANCE WAS deprived of its first taste of weekday breakfast television yesterday by an industrial dispute which prevented the launch of the early morning news and review programme of Antenne-2, the second national television channel.

The strike by members of the pro-Communist CGT and pro-Socialist CFDT unions over manning and extra bonuses for early morning broadcasts, is a serious blow for the network.

The arrival of weekday morning television had been given its first building in France. Antenne-2 had set up direct satellite transmissions with New Caledonia and the U.S. for its first two-hour programme due to start at 6.45 am. Breakfast television was also seen as further landmark in the changes revolutionising France's state-controlled broadcasting system.

The management of Antenne-2 has rejected union demands for extra jobs and higher benefits for staff working in early programmes. A similar dispute had threatened to postpone the start of regular breakfast television this month.

It also forms part of the general response by the national networks to the challenges of deregulation in the French broadcasting industry. The national channels have seen their secure monopoly positions increasingly threatened by President Francois Mitterrand's decisions to abolish the state monopoly on broadcasting, the launch last November of Canal Plus, the private pay-television channel, and the announcement of ambitious plans to develop eventually a nationwide French cable television network at a cost of some FF 60m (£5.5bn).

Even more alarming for the national television networks are Mitterrand's New Year statements in favour of liberalising broadcasting. He suggested very ambiguous terms that he supported the development of private over-the-air television channels in France. Mr Jack Lang, the Minister of Culture, at the weekend also expressed his support for private television.

However, echoing President Mitterrand, he warned that private television must be carefully regulated to avoid a situation like Italy's. Broadcasting and film industries there have been badly shaken by the unbanned and anarchic development of private stations.

New Mediterranean Programmes spur Greeks to learn to swim

Andriana Ierodiaconou explains how Athens is beginning to deal with Brussels

"I INTENDED to throw the Greeks into the sea, feeling sure that, in order not to drown, they would learn to swim," said Mr Constantine Karamanlis, then Prime Minister of Greece, on the signing of his country's Treaty of Accession to the EEC. After the recent showdown in the Dublin summit, the Greeks feel for the first time that they are swimming.

Prime Minister Andreas Papandreu's insistence that Greek approval of the enlargement of the EEC would only follow the implementation of the integrated Mediterranean Programmes which would speed up economic development in the poorer EEC states, may have eased shock and anger among his EEC partners—notably Britain and West Germany—and intense frustration in Madrid and Lisbon.

But paradoxically, just as the EEC reaches a low point of patience and sympathy with Greece, Dr Papandreu's Dublin stand is seen in the Greek press as the coming of age in the EEC, of which it became the newest member in January, 1981.

Thus, upon his return, the Prime Minister found himself receiving compliments (albeit backhanded) for his "ultra European" attitude from no less than the Conservative Opposition—the arch-rites of accession under the premiership of Mr Karamanlis in the

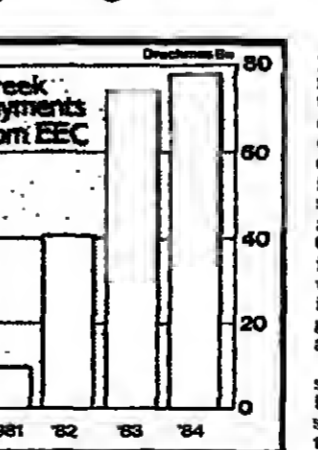
second half of the 1970s, and the most virulent critics of the Socialist's past anti-EEC policies.

Aggravating though it may be to his partners, Dr Papandreu's approach today is a far cry from the days when as leader of the Opposition he preached withdrawal from the Community. When his Socialist Party took power in October 1981, Dr Papandreu said there would be a pull out, pending a referendum. Today the word is not even mentioned.

This shift partly reflects the internal Greek political balance between Dr Papandreu and President Karamanlis. The latter is a fervent European who considers bringing Greece into the EEC to be one of his major political achievements, and who has made it clear that calling a referendum with withdrawal, which he would have to initiate, is out of the question.

Beyond the Karamanlis factor, Greece's receipts from the Community have become conspicuously vital to its balance of payments. Foreign Ministry officials now pride themselves in overshooting the Conservative Party's projected receipts as they have grown more efficient in processing applications for finance to Brussels.

According to European Commission figures, net receipts



scored from Drs 10.1bn (£57m) in 1981, the first year of membership, to Drs 40.8bn in 1982, Drs 73.4bn in 1983 and over Drs 76bn this year.

At the same time, there has been a noticeable shift in public opinion in Greece in favour of the EEC. Independent polls in the greater Athens area, where about one-third of the population is concentrated, have registered a gradual rise in pro-European sentiment during the spring of 1982. In June last year, at the time of the European Parliament elections those saying "Yes" to EEC membership outnumbered the "No" by 52 per cent to 45 per cent.

Pollsters say this trend is continuing. They estimate that six out of 10 Greeks nationwide are today in favour of staying in the Community.

The improvement in the EEC's image is partly due to the impact of the financial benefits on the farming areas. It is no longer only an EEC propagandist's dream to come across a Greek farmer deep in the country deftly calculating the year's crop subsidies in European Currency Units.

In the urban areas, where higher prices caused by an influx of EEC goods were an early negative factor, the public seems to have responded to the toning down of the Socialist

sequences of accession hit home. In 1981, Greece's overall trade deficit with the EEC increased by 192 per cent, while the agricultural trade balance, positive before accession, went into a deficit of Drs 10.5bn.

The influx of EEC goods contributed to double-digit annual inflation, of about twice the average EEC level. Despite a reversal of the trade trends in 1983, the National Economy Ministry still believes the overall impact of accession on the Greek economy has been negative.

This romance soon dispelled as the tough economic con-

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OVERSEAS NEWS

Suharto introduces new taxes and cuts development spending

By Chris Sherwell, South East Asia Correspondent

INDONESIANS face yet another difficult year of austerity, with new taxes and a sharp decline in real development spending, under a draft budget presented to Parliament yesterday by President Suharto.

The Rp23,040bn (£18.6bn) balanced budget, which comes into effect in April, compares with a budget of Rp20,560bn in 1984-85 and reflects the continuing problems faced by Asia's largest oil and gas exporter in adjusting to slow world growth and a persistently soft global petroleum market.

President Suharto, who has ruled this country of 160m people since the mid-1960s, said Indonesia was "going to enter a difficult and arduous year" and admitted that the budget was smaller than envisaged by the current five-year economic plan, which began last year. But he appealed strongly for understanding and support.

The main features of his budget include:

- The imposition of a new 10 per cent value-added tax from April. Originally this was due to be implemented last year, but it was postponed until January 1985. Now it has been brought forward to help boost revenues along with a new income tax system already operating. Together these are to generate Rp4,600bn, or about 61 per cent of non-oil revenues.
- A 1 per cent decline in

Peres 'will not rest' until airlift is completed

By David Lennon in Tel Aviv

MR SHIMON PERES, the Prime Minister, pledged yesterday not to rest until all Jews in Ethiopia are brought to Israel. He expressed confidence that "what was started will be renewed and continued."

The secret airlift to rescue the Jews from famine-ravaged Ethiopia was halted on Sunday following worldwide publicity about the dramatic operation. Over 7,000 Jews had emigrated from Ethiopia to Israel since the beginning of November.

Israel is actively seeking alternative arrangements following the decision by Trans European Airways, a Belgian charter company, to halt its mercy flights from Sudan to Israel.

Clearly disturbed by the rancorous debate within Israel over who released the news of the airlift, and thus caused its suspension, President Chaim Herzog, yesterday appealed to Israelis "not to make the splendid rescue of Ethiopian Jewry into an ugly chapter of accusations and slanders levelled by political groups against each other."

The President said that efforts must be made "to quiet the storm." He added that "if we succeed in removing the subject from the headlines, the greater the chance to rescue the remnants."

About 4,000 Ethiopian Jews are believed to be in Sudanese refugee camps awaiting transport to Israel. As many as another 6,000 Jews are still in Ethiopia.

Election result was a sharp shock, reports Chris Sherwell

Singapore politics enters new era



Mr Chiam See Tong... winner

AN UNEXPECTEDLY sharp protest vote against the ruling People's Action Party in last month's general election has posed a formidable challenge for Mr Lee Kuan Yew and his carefully-groomed generation of new leaders.

Mr Lee, who has been Prime Minister since the island state secured self-rule 25 years ago, has to decide in the next four years whether he can afford to step down from power at age 65, as he has previously indicated he will do. The younger leaders, poised to take over the reins under his guidance, have to try to stem the drain in support for the PAP.

By the standards of all other democracies in the world, the PAP's performance was hardly uncreditable. It won 77 out of 79 seats, 30 of them a walkover and the rest with 63 per cent of the vote. By its own standards, however, the outcome was a shock. The party was convinced it would sweep the board as it has since 1966, and never dreamed of a 15 per cent swing to the Opposition. Many contests were very close.

The two losses were embarrassing, if always on the cards. The party desperately wanted to recover the seat of Anson, which it lost in a 1981 by-election to Mr Ben Jeyaretnam of the Workers' Party, but he secured an increased majority. In the other seat, Potong Pasir, Mr Chiam See Tong of the Singapore Democratic Party sailed in with an impressive 60 per cent of the vote after a sustained and measured campaign.

Both men beat PAP figures tipped by the Prime Minister himself for senior Government posts. The more difficult fact to swallow, however, was the overall swing in favour of the opposition. If this is repeated next time, it could cause a major loss of seats and even cost the PAP the government. Yet the opposition consisted of eight different parties, all

the true effectiveness of its own party machine and exposing not only popular frustration of its paternalism and high-handedness but the shortage of outlets for such dissent outside elections.

Whether this irritation stretches as far as fundamental policy questions is another matter. Singapore's youthful electorate is not immature: voters knew the PAP would easily return to power and may have used the opportunity to register their feelings about the party's style rather than its substance. Anyway, Mr Lee himself had spoken of the need for an opposition, and even amended the constitution to produce one in the event of a clean sweep.

It is also Mr Lee's judgment, however, that voters in Singapore need to "grow up," as he puts it, and learn the real consequences of their actions. That is why he has talked so ominously of constituencies losing PAP services where they back the opposition, and of modifying the one-man one-vote system. In his apocalyptic view, Singapore cannot survive the end of PAP policies.

This sort of attitude could be a problem in the future. Indeed, as Mr Lee has virtually committed himself to stepping down from the premiership by 1988, the election result means Singapore could offer the world a remarkable example of the difficulties a powerful ruler faces in handing over the reins.

Mr Lee is thought likely to become an elected president under a new "half-way house" arrangement he first proposed last year. Certainly he will be utterly in charge for the moment, despite the announcement of a fresh cabinet line-up headed by a new First Deputy Prime Minister, 43-year-old Mr Goh Chok Tong, the Defence Minister.

This is being described as the final phase of the transition to a post-independence generation of leaders. Mr Goh is seen as the new centre-forward while Mr Lee has moved back to goal-keeper. In truth, as one academic puts it, Mr Lee remains the referee.

But Mr Lee represents Singapore's past rather than its future, and it is the younger generation of leaders — which now also includes his own 32-year-old son, Brig Gen Lee Hsien Loong — which has the formidable task of clawing back the support the PAP has lost.

Mr Goh has already frankly described the election outcome as "pretty scary" and admitted the party misjudged the voters' mood. He has also said rather pointedly that the younger leaders will need to be convinced about any change in the one-man one-vote system and that Singaporeans will have the final say through an election or referendum.

It is clear, however, that the PAP will not compromise on the programmes it believes are right, and that while Mr Lee is around it will maintain the substance and continuity of its major policies. Whether this is what the electorate wants remains to be seen, and attention will now focus on whether the PAP and a new opposition can learn to live with each other.

It is difficult to imagine the new generation of PAP leaders, recruited so much for their intellectual talent as their motivation, again securing the clean sweep of all parliamentary seats that their predecessors, often politicians to their fingertips, managed in the past.

This could mean that Singapore will face the prospect of a more conventional opposition if the new MPs can come together with an alternative programme and convince voters of their worth. Either way, last month's election has proved to be a watershed and means that Singapore politics should be taken far more seriously than in the past.

Loyalists reject plan for New Caledonia

By David Housego in Paris

THE FUTURE of New Caledonia, France's distant territory in the South Pacific, was thrown into fresh uncertainty yesterday after the outright rejection by the loyalist movement on the islands of Government-sponsored plans for a phased move towards a new status of "independence in association" with France.

The rejection by the loyalists, who have a majority in the local Parliament, opens up the possibility that the proposals could be turned down in a referendum on the islands' future to be held in July.

It also ensured that New Caledonia — where the loyalist movement in being encouraged to hold firm by the major opposition party in France as part of its domestic running battle with the Government — will continue to cast a long shadow over French politics in the run-up to the French parliamentary elections next year.

The proposals for a novel status of independence in association with France were outlined yesterday in a broadcast to the territory by M Edgard Pisani, the former Gaullist minister, appointed by President Mitterrand as a special commissioner to make recommendations on its future.

M Pisani's aim was to defuse the fears of the white settler population at the prospect of independence under Melanesian rule, while responding to Melanesian demands for immediate self-determination.

Under the proposals which he announced yesterday, New Caledonia could become an independent state with access to membership of the United Nations from January next year. But under a treaty of association with France, the French Government would retain control of defence and internal security.

S. African interest rates return to record levels

By Anthony Robinson in Johannesburg

THE South African Reserve Bank yesterday raised its discount rate by one point to a maximum of 22.75 per cent following strong upward pressure in the money market and a declining Rand fuelled by a falling gold price.

The move was promptly followed by two of the leading commercial banks, Barclays National Bank and Ned Bank, which raised their prime lending rates from 21 to 22 per cent.

The rise in the rediscount and prime lending rates brings South African interest rates back up to the record levels reached in August last year after a brief reduction in mid-November, when commercial banks dropped their prime rate by two points to 20 per cent and the Reserve Bank its discount rate by one point to 21.75 per cent. In mid-December the commercial banks were obliged to raise their prime rates one percentage point to 21 per cent.

The politically-inspired rate reductions of mid-November, which preceded important elections, are now seen to have been badly mistimed.

Senator Edward Kennedy yesterday attacked the South African Government's policies of forcible removal of black communities as "inhuman and indecent" during his visit to the village of Mahopstad, north-west of Pretoria where 1,500 inhabitants are under threat of removal. Earlier he was told by Mr P. K. Botha, the Foreign Minister, that the Government only moved black communities "for medical and hygiene" reasons.

Short-term interest rates have risen steadily in recent weeks and the Reserve Bank last week pumped an additional R 500m (£213m) into the money market through the rediscount window to try to ease the upward pressure.

This was not enough and other commercial banks are expected to raise their prime lending rates to 23 per cent shortly. Other interest rates following the rediscount rate up wards.

Israel refuses to set date for pullout talks

By Our Tel Aviv Correspondent

THE ISRAELI military delegation to the Lebanese withdrawal talks refused yesterday to set a date for the next meeting with the Lebanese delegation because of the lack of progress towards agreement on security arrangements in the event of an Israeli pull back.

During the meeting at Nakoura, in southern Lebanon, the 12th day so far, both sides repeated the tough positions which had left the talks on the verge of collapse before the Christmas/New Year recess.

The Israelis warned before the recess that unless the Lebanese are willing to compromise over the security arrangements, they may withdraw from negotiations.

Israel wants the border strip left in the hands of the southern Lebanese militia, a mainly Christian force.

Meanwhile, Mr Shimon Peres, the Prime Minister, revealed yesterday that Israel and Egyptian military teams may meet in Israel next week to discuss the future of the disputed Golan Heights area on the Israel-Egypt border in the Sinai.

Both countries claim sovereignty over the 700-sq-km stretch of Red Sea coast south of the Israeli port of Eilat. Egypt has made a resolution of the Golan dispute one of the conditions which must be fulfilled before it will agree to return its ambassador who was withdrawn from Tel Aviv in September, 1982.

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Tootal Group

Our names add up to strength

UK NEWS

BL sales dip in buoyant vehicle market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, the state-owned motor group, ended a disappointing performance last year by sinking to its lowest-ever share of the UK car market in December.

The group's penetration dropped to only 11.84 per cent last month compared with 17.89 per cent for December 1983.

For the year as a whole, BL's market share fell from 18.18 per cent in 1983 to 17.24 per cent - only marginally above its worst figure of 17.4 per cent in 1982.

Instead of achieving a target of 360,000 registrations, sales fell by 4.17 per cent to 312,654 from 325,636. To complete BL's distress Ford, with a highly aggressive dealer incentive campaign, pushed its Fiesta ahead of the Metro which Austin Rover, BL's volume car offshoot, has been promoting as Britain's best-selling small car.

Demand for new cars in the UK last year remained at the second highest level on record. According to the Society of Motor Manufacturers and Traders, registrations reached 1,749,550 and were 2.35 per cent below the record total for 1983.

Ford retained market leadership - but with a reduced share and volume. Ford's penetration slipped

from 26.91 per cent to 27.83 per cent, while its volume was down from 518,048 cars to 486,871 last year.

Both Ford and BL seem to have suffered at the hands of General Motors, the Vauxhall-Opel group, which achieved record volume and share totals. GM's share improved from 14.68 per cent to 16.17 per cent and its registrations from 262,141 to 232,633.

To reach these levels GM imported many more cars from its factories in continental Europe. Imported cars accounted for 165,116 of GM's total sales, or 53.38 per cent, last year against 139,027 or 53 per cent in 1983.

Importers' share of the UK market rose from 56.92 per cent to 57.52 per cent last year, only below the record 57.7 per cent reached in 1983.

This is bound to cause some concern within the UK Government, as might the fact that the Japanese share of the market went above 11 per cent for the first time to 11.11 per cent.

In the past, under the terms of the "gentlemen's agreement" between the British and Japanese car industries, the Japanese have held their penetration below 11 per cent.

UK CAR REGISTRATIONS

	1984	%	1983	%
Total market	1,749,550	100.00	1,751,869	100.00
UK produced	743,190	42.48	771,950	43.98
Imports	1,006,470	57.52	1,019,749	58.92
Ford	486,871	27.83	518,048	29.51
BL - Austin Rover	305,965	17.56	325,636	18.60
Range Rover	3,089	0.18	2,581	0.15
Total BL	312,654	17.84	328,217	18.76
General Motors	232,633	13.53	262,141	15.02
Vauxhall-Opel	108,360	6.19	104,684	5.98
Nissan	59,779	3.42	62,925	3.59
Volvo	58,072	3.32	64,259	3.67
Porsche-Tadpole	70,619	4.04	79,495	4.54
Flat Auto	47,583	2.72	46,254	2.64
Volkswagen/Audi	100	0.01	100,727	5.75

Source: Society of Motor Manufacturers and Traders

Andrew Fisher reports on the latest fleet acquisition on the English Channel routes Euroferries relieves P & O of a headache

FOR MONTHS, it had been one of the main talking points in the UK ferry industry. What would Peninsula and Oriental Steam Navigation (P & O) do with its loss-making services across the English Channel?

The answer came last Friday. Euroferries announced that it was buying the Anglo-French services of P & O Ferries for £12.5m. The City of London's verdict was a vigorous thumbs-up, although Euroferries had not been widely seen as the solution to the P & O ferry problems.

Sir Jeffrey Sterling, the newly knighted chairman of P & O, was pleased to be rid of an operation that had made large losses. Mr Kenneth Siddle, the chairman of Euroferries, which owns the Townsend Thoresen ferry concern, commented: "Sir Jeffrey has got rid of a headache."

Mr Siddle was unwilling after the signing of the deal to say what Euroferries' intentions were for the five P & O ferries - the Lion, Panther, Dragon, Leopard, and Tiger - or the 1,100 shore and sea jobs that went with them. But Euroferries is keen to see Townsend Thoresen stay at the top of the cross-Channel market league. From Dover, the

main UK cross-Channel port, it already has about 35 per cent of the passenger traffic, 48 per cent of the cars and 50 per cent of the freight. With P & O (which is keeping its North Sea and Scottish island routes), Euroferries has gained another 16 per cent of the Dover passenger business and rather less of the rest. Sealink UK and its European continental partners are number two across the Channel.

The so-called "two ships" of P & O, operating from Dover to Boulogne and Portsmouth to Le Havre, are regarded in the industry as too old, too small and too costly to run. It would have cost P & O Ferries between £70m and £100m to replace them. Sir Jeffrey admitted that the company had "scoured Europe" to try to find large, modern ships to charter.

Executives of P & O Ferries wanted to develop long-range plans for the fleet. However, Sir Jeffrey, who has tightened up the P & O group's finances considerably in beating off the bid from Trafalgar House, was ultimately not prepared to spend the money.

MAIN SUMMER FERRY SERVICES TO CONTINENTAL EUROPE		
	Number of ships	Routes
Townsend Thoresen*	17	Dover to Calais, Zeebrugge, Folkestone to Zeebrugge, Portsmouth to Le Havre, Cherbourg, Dover to Boulogne, Portsmouth to Le Havre, Dover to Calais, Dunkirk, Ostend, Folkestone to Boulogne, Harwich to Hook of Holland, Newcastle to Dieppe, Weymouth to Cherbourg, Dover to Calais, Boulogne, Ramsgate to Dunkirk, Portsmouth to St. Malo, Plymouth to Roscoff, Santander, Swansea to Vilzingen
P & O Ferries	5	
Sealink†	25	
Hoverspeed	6	
Sally Line	2	
Brittany Ferries	4	
Osian Line	3	

* Owned by European Ferries, which has just bought P & O Ferries' services to France.
† Including Sealink UK's French, Belgian and Dutch partners.

P & O's services to France lost more than £4m in the first half of last year. The group has recently taken delivery of a \$150m (£130m) cruise ship from Finland and is likely to invest over £40m in a new passenger and freight ferry for the North Sea.

Its partner in the profitable North Sea Ferries company, Nedlloyd of Holland, will do the same. For Sir Jeffrey, it was a matter of priorities, with no immediate hope

seen of reversing the channel losses. Mr Siddle hopes that the deal will not fall foul of the Monopolies and Mergers Commission. Without a sale to Euroferries it seems that the Boulogne and Le Havre routes of P & O would probably have been closed.

The purchase from P & O puts Euroferries' Townsend Thoresen further ahead of Sealink on the short-sea routes from Dover. It re-

mains to be seen, however, what Townsend will do with its extra market share. It will probably let some of it go by reducing the ex-P & O Ferries fleet. It has made no guarantees on the P & O jobs, so some reductions seem likely. Mr

Siddle said: "We believe we can cure the headache and make some money." Euroferries itself plans to order 3000 new tonnage for the Dover to Calais route.

So, eventually, does Sealink UK, bought by Sea Containers (registered in Bermuda and operating from London) from British Rail last summer for £66m. It operates services with French, Dutch and Belgian companies. P & O, as well as Euroferries, was barred by the Government from bidding for Sealink last year. "If we had been able to buy Sealink, things might have been different. But what choice were we left with?" Sir Jeffrey said.

Sealink UK, now operating with more commercial attitudes than when it was part of British Rail, has ambitious plans - it is smartening

its services to the Channel Islands at a cost of £5m - and for such ports as Newhaven on the south coast and Harwich on the east coast.

It could be spending several hundred million pounds in coming years, with new cross-Channel ships, expansion of Newhaven for traffic like car imports, and far-reaching plans to develop Harwich as a large container port to rival Felixstowe.

Amid the ambitions of Sealink, Townsend Thoresen, and their smaller rivals like Sally Line, Hoverspeed, and Brittany Ferries, there remain some severe problems on the Channel. The hovercraft operator, like P & O, is squeezed between the two ferry giants. The latest disruption over the intentions of French railways (SNCF), Sealink's partner across the Channel, to make its operations more commercial shows that considerable strains exist within the grouping.

Nor at this stage, does anyone know how the cross-Channel market will shape in 1985. The peak passenger months are July and August; freight remains fairly constant through the year.

Last year's traffic was affected by the two UK dock strikes.

Company profits advance with 10% rise in third quarter

BY PHILIP STEPHENS

COMPANY profits in Britain rose strongly in the third quarter of 1984. The Central Statistical Office said yesterday that the gross trading profits of industrial and commercial companies rose by over 10 per cent in the three months to September to £13.2bn, 18 per cent higher than a year earlier.

The rise partly reflected a bounce-back from an unexpected fall in the second quarter, but nonetheless underlined the dramatic recovery in profits over the past two years.

For the first nine months of 1984, profits were 20 per cent higher than for the same period a year earlier, with the rise spread fairly evenly between North Sea oil companies and non-oil businesses.

For the latest three months, the CSO said that oil company profits rose by 4 per cent to £4.8bn and were 15 per cent up on a year earlier. Profits of other industrial and commercial companies at £8.5bn, increased by 15 per cent to put them nearly 20 per cent higher than in the same 1983 period.

Companies also benefited from a strong rise in non-trading income over the three months to September, which together with the profits growth more than offset higher tax and dividend payments.

As a result undistributed income, or company saving, is estimated to have increased by 9 per cent, to about £8bn, between the second and third quarters.

The profits figures contrast with



the flat trend in real personal disposable incomes shown in separate statistics from the CSO yesterday.

Ministers may propose levy on blank tapes

By Raymond Snoddy

GOVERNMENT ministers, it is believed, have accepted in principle the case for a levy on blank audio and video tapes.

Such a view is expected to be reflected in a government Green Paper (discussion document) on copyright law reform due to be published within the next few weeks.

This would reverse the stance of the 1981 discussion paper on the subject, which came down against such a measure.

The aim would be to compensate copyright holders for their loss from unauthorised copying. Recent market research for the British Phonographic Industry (BPI) suggests that more than half the UK population have used blank cassette tapes to make their own recordings from radio or from records.

Coal exports continue despite miners' strike

BY MAURICE SAMUELSON

BRITAIN's coal exports in this financial year are expected to exceed 75 per cent of last year's level, even though the miners' strike has meant that hardly any coal has left the country.

The National Coal Board (NCB) has achieved this by supplying many overseas customers with coal from the stockpiles on the European continent held by the Central Electricity Generating Board (CEGB), its biggest domestic customer.

By the end of this financial year in April, the NCB is expected to have supplied foreign customers with 5.05m tonnes, much of it lifted from CEGB stocks in Rotterdam.

The NCB has already removed 34m tonnes of coal from the CEGB's Rotterdam stocks and expects to "export" the remaining 1.8m tonnes this financial year.

Before the strike, the CEGB had been transferring about 750,000 tonnes of coal a year from the European continent to power stations on the river Thames.

However, it has imported none during the strike, in case unions sympathetic to the National Union of Mineworkers refused to handle it.

The strike has enabled the NCB to supply power stations in the English Midlands with coal which, in other circumstances, the CEGB would probably have refused to burn.

In the Midlands alone, the NCB has cleared more than 5m tonnes from stockpiles up to six years' old. However, except for some stocks in the South Midlands, these stocks are almost exhausted and power stations are being supplied mainly with newly mined coal.

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TECHNOLOGY

KNOWLEDGE BASED SOFTWARE SHOULD COME INTO ITS OWN THIS YEAR

Expert systems for amateurs

BY IAN HUGO

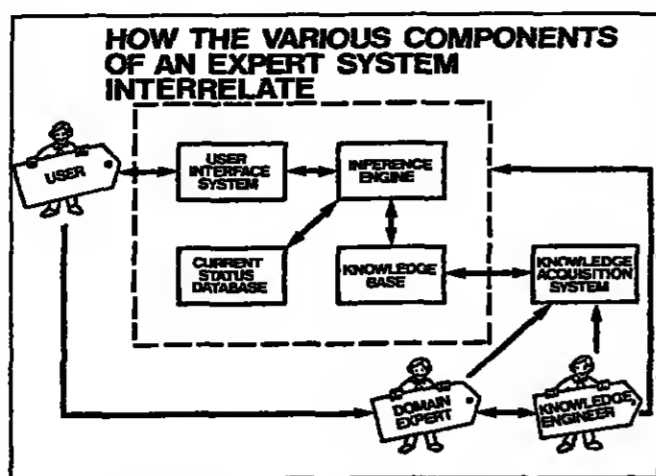
EXPERT SYSTEMS are still generally regarded with suspicion in the commercial world, as just so much technology "hype." All that could be changed in 1985.

So far, the few directly useful expert systems that have been developed (and there have been very few) have been directed at medical diagnosis, geological prospecting, computer systems configuration and the like. General commercial applications have now begun to make their appearance and this year should see many more.

Two reasons for expecting this, apart from hints from some software suppliers, are the increasing importance of "user friendliness" in producing the extra users that the computer industry needs to keep on growing and the fact that IBM has been taking a strong interest in this new technology.

The technology now allows expert systems to be built for a number of applications in finance and general business administration, for which the potential number of users is very large. Paradoxically, the initial tasks tackled will be relatively simple.

Horace Mitchell, of the British expert systems company Business Information Techniques, speaking at a recent Xephon seminar, suggested that the kind of commercial task that



could be tackled by expert systems now was the sort that could be run on a personal computer.

With sales of personal computers increasing rapidly year by year, that is indeed a fortunate circumstance. Systems that provide support for decisions affected by government legislation (tax advice, grants advice, personnel selection) are a primary target.

The paradox results from misconceptions about expert systems that explain the suspicion with which this technology has been regarded. Partly because work on expert

systems has been centred in such advanced research establishments as MIT, Stanford and Carnegie-Mellon universities, and partly because of associations with artificial intelligence, there have been some rather wild suggestions of computer systems replacing experts. This has been coupled with considerable scepticism about when, if ever, practical systems would be delivered. The type was perhaps in context in 1984. This kind of science fiction has helped to hide an important fact about expert systems, which is that they change the

way in which computer programs are developed. Effectively, the change is away from writing program instructions to building a program and towards describing the data that a program will use and the legitimate associations between the data; the program instructions, which are still necessary, can then be inferred from the description of the data. This puts the building of programs more directly in the hands of the people who have the knowledge of the problem being programmed, that is, the experts.

For the moment, this approach to building programmes is commercially practical for only relatively simple tasks. That should not be allowed to obscure, however, the very real advantages of the expert systems approach, as Harry Feinstein (of U.S. company Aion) was at pains to point out at the same Xephon seminar.

Nearly all mature computer installations are struggling today with the burden of maintaining the programmes that they have developed in the past. The growing thousands of personal computer users in large companies could add enormously to this problem. Programmes developed using expert systems technology enable the users not only to create them but also to maintain them themselves. That could well be, in the short term, the most significant fact about expert systems.

SOPHISTICATED 'BOLT-ON GOODIES' FOR OFFICE MICROS

Adding mail and telex to the humble P.C.

THE PROFESSIONAL personal computer became the de facto executive workstation because of the way computing services companies were able to graft office functions onto what is basically a data processing machine.

First there were word processing packages of varying degrees of sophistication; now there are packages to handle telex and electronic mail.

The best of these latter machine make it possible for the humble personal computer to behave virtually as if it was a dedicated telex terminal or electronic mail terminal.

The secret is background processing, a clever software technique which enables the

microcomputer to continue with one dedicated task while keyboard and screen are occupied with another.

Braid Systems of Buckingham Palace Road, London, has been building a powerful reputation for these very sophisticated telex and mail systems—its Telex Manager package, for example, has been installed in over 400 UK installations and the product is distributed by the Computerland and First Computer groups.

According to Mr Greg Meekings, Braid sales director, the special virtues in its Telex Manager lie in its use by telex operators as well as computer specialists and word-processor trained secretaries.

It includes a user interface program dedicated to telex functions, provides for incoming telexes to be stored on disk and maintains a telex directory. Recently Braid launched its "Mail Manager," an electronic mail package for PCs in which it has tried to duplicate sophistication it built into its telex program.

This new package can be used for sending mail between micros in a private network or through any of the public electronic mail services such as Easylink, One-to-one and Telecom Gold.

Its features include automatic collection and delivery of mail, full error recovery, comprehensive status logging and automa-

tic mail printing. All of these, Braid points out, are carried out in background mode while the computer is being used for other business applications.

The computer handles the modem, telephone dialling, service log-on, dialogue, collection and delivery of mail without human intervention.

Last week Braid announced its first OEM order for Mail Manager; Encotel will market Mail Manager on the FX20 and FX30 range of microcomputers made by Future Computers.

Mr Keith Beverton, Encotel sales and marketing director said: "Mail Manager is a superb product, certainly the best electronic mail system currently available."

Choosing the medium for moving images

EDITED BY ALAN CANE

IT IS UNLIKELY that any creative activity has undergone such fundamental change in its processes of creation as motion picture production. Musicians may resort to audio recorders, writers to word processors and painters to acrylic "oils," but the methods of shaping ideas and giving them reality remain largely unchanged.

For the motion picture business, based entirely on film, the arrival of television brought a radical change to the ways in which images are managed—creatively as well as technically. The most important of these changes came in the construction and subsequent editing of sequences—television demanded the "real time" assembly of events as they happened in front of a number of cameras, switched by the producer. Film, with its single camera, non-sequential method of shooting, relied entirely on the malleability of film in the cutting room later—something unnatural to the videotape editor.

These differences created an emotional division between film-makers and video producers. It became the big film versus video argument, a debate that raged throughout the industry. Happily, the two sides have now moved closer together, as have the methods of production; but a few cinders remain for those with inflammatory intentions.

The more sensible view which now prevails is that film and video both have their place. The only problem is that still too many people are confused by the two media and fail to appreciate the principles which should govern the choice of one or the other.

The primary decision before any other must always be how the movie is going to be distributed. If there is any need to screen it to assembled audiences, film projection is essential. Video projectors are capable of satisfactory results, but unless very expensive equipment is used (viz. the Eidophor), video projection is unsuitable for audiences much in excess of 100 people. Perfectionists still prefer film projection anyway because of its crisp images and greater tonal range.

If distribution or exhibition is intended solely via television screens—eg by broadcast TV

or videocassette replay—the obvious choice is videotape. Nowadays film prints are invariably transferred to videotape before transmission and the same is necessary for videocassette distribution.

Such principles would seem to make decisions regarding the two media straightforward. But whereas origination on film may be necessary if cinema distribution is required, the converse is not necessarily true about origination on videotape where the distribution medium. Indeed,

Video & Film

BY JOHN CHITTOCK

Many people are confused by the two media and fail to appreciate the principles which should govern the choice of medium.

over 90 per cent of TV commercials are originated on film. To confuse matters even more, tape-to-film transfer processes are available so that video originals can be turned into film prints—but the results are a second best to using film in the first place.

It is generally true that the origination medium most suited to the distribution medium is the same—eg films displayed via television or video will not yield such perfect technical results as videotape. So why do TV commercial producers prefer film?

Emotional conditioning apart, film reproduces its images with a quality added by tonal correction—due to the characteristics of silver halides, but enhanced by the mobility and flexibility of film cameras. The result, on the screen, is liable to have a subtle veneer of unreality—whereas videotape tends to yield a harsh feeling of actuality. Thus film can have a creative edge.

Some television cameras are now available which are designed to behave more like film cameras—ergonomically

and in their characteristics of image reproduction. An example of this is the Panasonic, which comes from the famous Panavision stable—the 35mm film camera used in more feature films than any other make.

Cameras such as the Panasonic may cause the end result to look more like film when seen on television, but there are still plenty of other factors that may govern the choice of media.

Video shooting, although it can be faster when multi-camera set-ups are employed, ties up more equipment of high capital cost and demands greater preparation and rehearsal. In consequence, the belief that video is cheaper and faster than film is often erroneous and subject to many qualifications. On location, especially in hostile or precarious environments, video equipment is also less easy to handle physically.

At the editing stage, video allows less scope for manipulating the structure of sequences. Potentially the scope is there, but in practice it is slower to assess the results of editing changes; and the high hourly cost of video editing suites puts great pressure on the editor, whereas the film editor can indulge in weeks of deliberation over his assembly of shots.

The client can, however, walk out of a video editing suite with the finished copy under his arm; with film, a week at least will pass before the earliest print is available.

The choice between video and film is thus an extraordinary exercise in weighing up the requirements peculiar to each situation. Additional factors, such as the availability of better special effects on video—or the ability of film to cope with difficult lighting situations—all may contribute to the well-reasoned decision.

Fortunately, the two sides of the industry have now closed the emotional gap and even a mix of both technologies is common where the circumstances justify it. None the less, the younger medium can still produce its die-hards—such as a previous chairman of the Royal Television Society who dismissed film as "moving pictures with vertical scratches on the screen." Which of course aroused the emotions of a film loyalist, who retorted "better than fuzzy pictures with horizontal lines."

Computers

Advance of the micros

THERE ARE 998 different kinds of computer hardware on offer in the UK as well as over 4,000 kinds of general business software and some 2,000 computer dealers: many of whom are unscrupulous, dishonest, technically ignorant or unstable.

So says a new pocket guide to microcomputer purchases being given away with the January issue of the magazine Which Computer? In the interests of guiding its readers through the computing marketplace jungle, Consultants may be suspect. It warns, pointing out that of the 2,000 or so in the UK only 100 are free of financial ties with the hardware and software companies they promote.

Write to Which Computer? at 30-32 Farringdon Lane, EC1R 3AU for all that good advice without having to buy the magazine.

Treatment

Power blasting

A SUCTION shotblast cabinet can be easily converted to pressure blasting using a new version of "Minblast" from Power Blast of Camberley.

Output is said to be increased three to four times by use of the device without an increase in power requirement. Minblast can be fired under the shot blasting cabinet and operated using a pedal which operates a servo control valve on the main air inlet. Reloading is automatic through a self-operating mushroom valve at the top of the machine.

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APPOINTMENTS

New chief at Gallaher Tobacco

Mr A. D. Housham has been appointed deputy chairman and chief executive of GALLAHER TOBACCO, following the resignation of Mr Housham in 1974. Mr Housham has held various chief executive appointments within the Gallaher Group and is also a director of the Gallaher Group and Gallaher Tobacco.

NATIONAL SEMICONDUCTOR DATA CHECKER/DTS has appointed Mr Gordon Ambidge to the newly-created position of managing director of European operations. He has been managing director of the UK operation since 1981.

THE SCOTTISH INVESTMENT TRUST has appointed Mr J. B. Michael Dick as investment secretary.

Sir Ewen Broadbent has been appointed to the board of INTERNATIONAL MILITARY SERVICES as a non-executive director. He was second permanent under secretary at the Ministry of Defence until his retirement last September.

Mr Ian Jones has been appointed managing director of FABERGE UK. He has been acting managing director since

June 1984 and previously held senior management positions with Faberge in Europe as deputy managing director of Faberge France and as director of finance, Europe.

Mr Charles Price has been appointed a director of N. M. ROTHSCHILD & SONS.

Mr Paul Hunt is to be managing director of DERWENT PUBLICATIONS, a subsidiary of International Thomson Organisation, from January 7.

Mr Roger Taylor has been appointed a non-executive director of GREAT PORTLAND ESTATES.

Dr John G. White who was appointed to the BBA GROUP board in October 1984 and became group managing director on January 1 will, in addition, become chairman of the following group companies: Minter, Saunders & Co. Ltd., Saunders Limited, and Textar GMBH.

Mr Anthony Banks has become managing director of ARC CONCRETE to succeed Mr Peter Reeves who retires at the end of February. Mr Banks joined the

company last October from T-Glass Fibres and for the previous six years (1977-1983) was group chief executive of Tunnall Holdings (Pvt), Zimbabwe subsidiary of Turner and Newall.

Mr Jim Flinday, managing director of PRUDENTIAL PORTFOLIO MANAGERS—investment management arm of Prudential Corporation—has taken control of all international investments for PPM. He retains his existing responsibility for PPM's corporate finance activities. The change follows the departure of Mr John Sherwin as PPM's director of international securities, for personal reasons.

CLARK WHITEHILL has admitted Ms Andrea Grimshaw, Mr Derek Haynes and Mr Clive Malcolm into the partnership in the London office.

Mr Peter Simmonds has been appointed chairman of GIBRALTAR SHIPREPAIR. He is also chairman of Haden, a director of The Morgan Crucible Co.

Mr Tom Barton has been appointed a director of MOWLEM (BUILDING). He has been with the Mowlem construction group for 10 years.

CONTRACTS

£9m batch for Rush & Tompkins

RUSH & TOMPKINS has secured six building contracts worth more than £9m. The largest, valued at £3m, is with the Property Services Agency for the provision of facilities at Dale Army Camp in Chester. The contract comprises warrant officers' and sergeants' mess block, transport and stores buildings, a sports pavilion and an 18 component obstacle course. The Preston office has started work on site and expects to complete in 50 weeks.

The Salisbury office has started a £2m contract to convert the former Dingles department store in Bournemouth into the UK's first "home and lifestyle" centre for joint developers Glegg Properties and Southern Developments. To be known as the Quadrant Centre, the three-storey complex will provide 55,000 sq ft net retail space in addition to a ground floor restaurant and a first floor cafe. Completion is scheduled for October 1988.

In the centre of Salisbury Rush & Tompkins has started a £1.5m four-level car park at Rolf's Chequer for Salisbury District Council. The brick clad reinforced concrete frame structure will provide approximately 500 spaces when it is completed in June this year.

In Middlesbrough, the Stockton office has started a £1.5m food preparation and distribution centre for meat pie manufacturer H. Widdows. The 24,000 sq ft metal clad steel frame structure has extensive refrigeration installation and incorporates 5,000 sq ft office accommodation. Construction is expected to take 54 weeks.

A 25,000 sq ft Floc Fare supermarket is underway at Louth in Lincolnshire. Rush & Tompkins' Nottingham office started demolition of existing buildings at the Eastgate site late last year, and the £1m single storey reinforced concrete frame shell together with a 200 space car park is expected to be completed by August.

In London, R&T's Sidcup office has started a £1m design and build contract with Lambeth Borough Council for 24,000 sq ft at Milkwood Road. The steel portal frame buildings will provide a total floor area of 30,700 sq ft when completed in June.

£8.5m Dewsbury hospital work

TAYLOR WOODROW CONSTRUCTION (NORTHERN) has won an £8.5m share of a £14m contract to build an extension to Stalcliffe District General Hospital, Dewsbury. Taylor Woodrow will be working in joint venture with the Co-operative Wholesale Society and William Steward & Co on the contract, awarded by the Yorkshire Regional Health Authority. Work is due for completion in July 1988. Work comprises four nucleus-designed or cruciform templates and a service centre of mainly three storeys, with extensive plant rooms in the roof space. Buildings will be reinforced concrete structures on column bases and ground beams. External work includes roads, drainage and other services.

A contract worth more than £800,000 for the supply, glazing and installation of aluminium windows for a new building for Commercial Union Properties (UK), in Swindon, has been awarded to CRITTALL WINDOWS. To be finished in a polyester powder coating of cobalt blue, the windows will mostly comprise Crittall's Laminated Air Window Grid—the thermally broken system designed by the company to meet the need for large window composite or structural grid constructions. The contract is part of phase 3 of the project.

Sussex County Building Society has signed a contract for a computer system with BURROUGHS MACHINES. The order worth over £500,000 is for a B3655 mainframe computer system with B25 micro-computers, LINC (Burroughs system generator) and a building society "blueprint" — a working system which lends itself to modification to suit individual society needs.

A £430,000 contract has been awarded to BBA CITY CONSTRUCTION by the English Estates at Gillingham for the erection of four blocks of factory units split to form seven individual factories at Leecroft Industrial Estate, Sunderland. Work consists of structural steel portal frames with reinforced concrete foundations and floor slabs. The external walls comprise brickwork and blockwork dado walls with insulated steel cladding above and on the roof.

A second contract valued at £291,000 is for the erection of two single storey factories, with a total floor area of 3,312 sq metres on the Crowther Industrial Estate, Washington for the Washington Development Corporation. Work includes structural steel frame, concrete flooring, "speed deck" roof cladding and profiled wall cladding. The third contract is for the construction of a 350 sq metres building ground existing premises at Yarm, Cleveland, to form a doctors' group practice surgery and clinic. The 20 week contract, valued at £140,500 also includes car parking, access and external works.

All of these securities have been sold. This announcement appears as a matter of record only.

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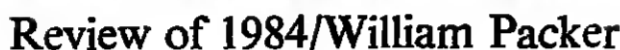
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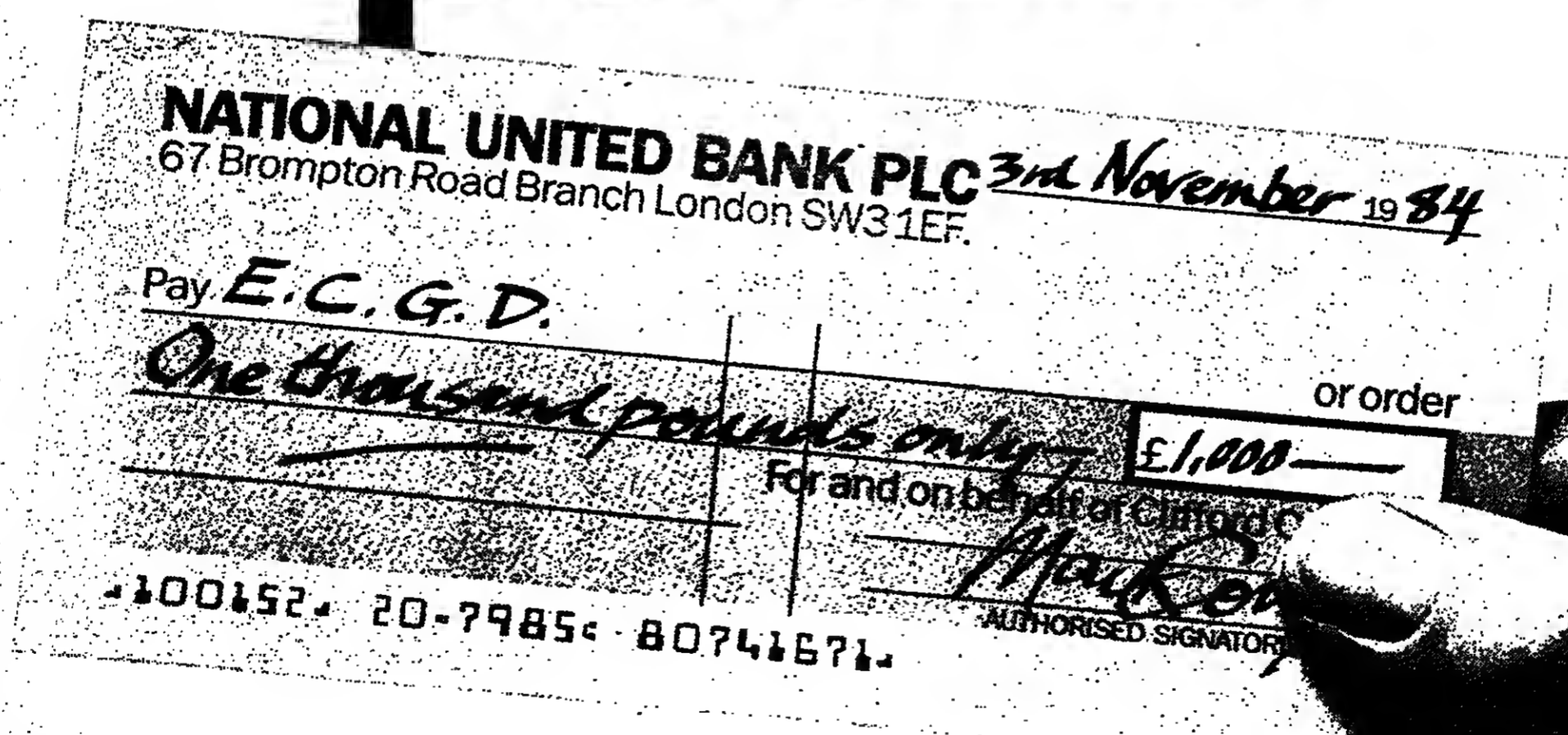
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Rajiv Gandhi's giant task

SUCCESS and good fortune have attended Mr. Rajiv Gandhi during his first weeks as Indian Prime Minister. He has won a resounding electoral victory. He has shown firmness and a proper appreciation of India's needs in his Cabinet building and in his public pronouncements. And he has shown moderation in his first moves to deal with India's regional problems. But Mr. Gandhi needs no reminding that the long haul has only just begun.

Mr. Gandhi has undertaken to give the utmost priority to the problems of the Punjab and of the Sikh minority in India. The shock of the storming of the Sikh Golden Temple at Amritsar and the murder, looting and rape of the Sikhs in the Punjab, which has been going on since the end of 1979, are still fresh in the public mind. Mr. Gandhi's task is to bring about a peaceful settlement of the Punjab problem. He is ready to let chief ministers run the Indian states with less interference from New Delhi than had been the custom under his mother. But he insists they must obey the federal constitution. In practice that means no autonomy and no special status for the Punjab, which is a long way from the Punjab's independence, for the Punjab.

Efficiency

The mixture sounds reasonable, but will require continued reasonableness from all parties if it is to work. It will also have to be shored up with agreed solutions to specific local issues.

On the larger issue of the management of the Indian economy and of public affairs in general, Mr. Gandhi has taken his stand upon efficiency. No quarter, he has said, will be given to the lazy and the inefficient.

These are brave words befitting a man who came to the prime ministership with a technocratic reputation. He has held out the prospect of less protectionism through physical controls and of greater incentives to exporters. A governmental working party has proposed giving them tax incen-

tives and allowing them to retain a portion of their foreign exchange earnings. A trend towards partial deregulation and towards encouraging the private sector is not new. It was begun in the last years of Mrs. Gandhi and has shown some fruits already. Foreign bankers are showing greater interest in India and foreign industrialists have begun to take advantage of less restrictive rules governing equity investment in joint ventures.

Mr. Gandhi will be able to carry out his reforms in a relatively promising economic situation. The last two harvests have been good and the economy is on a growth trend of some 5 per cent a year. Unlike so many developing countries, India has a large and growing foreign debt. In 1981 it amounted to 11 per cent of GNP as against 16 per cent in the case of Brazil. The ratio of debt service to export earnings has been kept to about 12 per cent, though it will rise in 1986 when first repayments are due on the IMF credits extended in 1980. That will require higher export earnings.

Given the need for India to husband its resources, it is to be hoped that Mr. Gandhi's enthusiasm for modernising will not lead him into a headlong rush towards capital-intensive high technology ventures. The World Bank has rightly insisted that India's need for the overhauling of existing, often inefficient industries, rather than the development of new and expensive ones.

But the greatest need of all is for Mr. Gandhi's enthusiasm to overcome the inertia of the Indian bureaucracy. His drive against corruption and for greater efficiency may capture imaginations at the top of the bureaucracy. It will fall unless it involves the lower echelons—the civil servants who actually work the system and see that they get to their destinations. They will fall if industrialists do not accept the challenge of greater freedom. Mr. Jawaharlal Nehru and his mentor, MK Gandhi, the Mahatma, took on the British colonial rulers and won. Mr. Nehru's grandson, the present prime minister, is taking on the dead weight of Indian tradition. His task may prove the harder of the two.

Reshaping the Stock Exchange

AFTER NEARLY 200 years, the London Stock Exchange is now gearing itself up to cope with the fundamental constitutional changes which will reflect the transformation in securities dealing practices in London. Today the exchange's council meets to consider proposals which it is hoped will put the membership in March. It is likely to require more sessions before the council is satisfied that the resolutions will be reasonably certain to attract the necessary 75 per cent vote at extraordinary meetings of the membership.

The present constitutional position is that the Stock Exchange is an undertaking governed by a deed of settlement, as amended at various times over the years. One key feature is that members own the exchange individually, through holding 5p shares, and at 4,500 or so have one vote each. Another important characteristic, however, is that the provision of a mutual activity—so that membership cannot receive a value in terms of income or share of profits. At present, new members pay a nominal £1,000 to join, along with a £300 annual membership fee.

Within the next two years the exchange has to adjust to a situation in which it will be dominated by the big banks and securities houses, which will become corporate members and will expect to gain effective voting control. Individual membership may still retain some regulatory functions, but will have a much smaller role in the development of the exchange's policy.

This leads on to the central question of how much this individual membership is worth at a time of constitutional transformation. Although mutually forbids any benefit from trading surpluses, it does not extend to distributions of assets. The London Stock Exchange owns buildings claimed to be worth £100m at replacement cost; it also owns sophisticated electronic information and settlement systems such as Topic and Tallman; and then there is the question of two centuries of goodwill.

To anything up to 1,000 members who are partners in the big banking and jobbing firms all this is largely irrelevant. They have sold out their firms to outsiders, and most expect to receive sums of between £500,000 and £1.5m

phased over the next few years. The possible value of individual membership is only small change besides this. The rest of the membership is in a much less fortunate position, however. Nobody is going to pay for the goodwill of a small firm (and many members are sole traders anyway). It might be too pessimistic to say that many will lose their livelihoods in the new conditions; but it will certainly be true that in future the market will primarily be run in the interests of its large corporate members.

Veto

The council is therefore having to come to terms with demands that members should be compensated. The sum of £10,000 has been bandied about to test the water, as the sort of figure that might buy off opposition, although it still would not fully reflect the Stock Exchange's assets on any realistic appraisal.

However, there are counter-arguments against the notion of any substantial payment. After all, members did not subscribe a true price for their own admission—so how can they demand compensation now?

For the Government and the Bank of England, such arguments over money make for an unwelcome diversion from the more refined subjects of regulation and international competitiveness. But the Stock Exchange is very much a commercial institution. Although its members do not appear to be fundamentally opposed to the operation of the securities markets, they have a constitutional right to veto the proposals.

Various arguments may prove useful in arriving at an eventual solution. On the one hand, the exchange will certainly need to reassure the bulk of the membership in small and medium sized firms that their interests will be protected. On the other, it may be necessary to warn that the exchange does not have an automatic monopoly of securities trading in London; the need for the gilt-edged market to stay within the Stock Exchange is largely a matter of the convenience of the Bank of England, and telecommunications could expand rapidly if the central market fails to respond to changing circumstances.

LISTENING to Major-General Muhammadu Buhari last week present Nigeria's first full budget since the coup a year ago, it was impossible not to be impressed with its down-to-earth, business as usual, tone. No words were wasted on empty anti-Western, anti-multinational company rhetoric. Instead the head of state stuck to a sober and largely realistic assessment of his country's very strained economic situation.

He said nothing, however, on the subject which is at the heart of the debate about the country's prospects: will Nigeria continue to reject the International Monetary Fund's terms for a \$2bn loan, which would in turn open the way to a \$800m World Bank structural adjustment programme and end the deadlock over rescheduling of at least \$2bn in insured trade arrears? Or will the military administration stand almost alone in Africa as a country which rejects the IMF strategy for recovery?

In the wake of the budget, business opinion of the current state of play is summed up by a Lagos banker. "As we move further into 1985 so the pressures for a Nigerian agreement with the IMF can only grow, but for the moment, the odds are heavily against it."

Nigerian Ministers believe that after four years of recession they are turning the economy around by the more stringent and effective implementation of the austerity programme first initiated by the civilian Shagari government in April 1982. 1984 will, they

A bolstering of business confidence

believe, be seen as the year in which, at long last, Nigeria began to live within its means.

Bankers and businessmen agree that impressive progress was made in imposing fiscal and monetary discipline on an economy which previously had defied all such efforts. Great strides were made, too, towards correcting the twin financial imbalances which have so seriously threatened the economy throughout the 1980s. Internally, the budget deficit was halved to N3.3bn (\$1.1bn)—which is still far too large given the external constraints on the economy while a semblance of order in the chaotic finances of the state governments was achieved by slashing their estimated deficit from more than N8bn (\$7.4bn) in 1983 to N2bn last year.

Externally, the current account deficit which averaged more than N4bn annually in the 1981/83 period, was almost totally eliminated in 1984 when Nigeria virtually broke even on current account. When capital transactions are included, Nigeria's deficit at N102m was the lowest since 1980. Most important of all, the rate at which trade arrears accumulated—N4.2bn in 1982/3—slowed dramatically with arrears rising a further N500m during 1984.

Coal board war-games

Armchair observers of the miners' strike who harbour deep desires to noddie Arthur Scargill or see Ian MacGregor squirming helplessly in a corner now have the chance to do so.

The protagonists in the dispute have been transferred to the chess board—lovingly recreated in tiny, moulded resin figures to give the classical war-game board the gritty feel of the picket line.

Scargill and MacGregor are the two kings; the queens are Margaret Thatcher and (shame misshakes surely?) Neil Kinnock. The bishops represent Milton Friedman and Karl Marx. Flying pickets make up the knights, and Big Ben and pithead winding gear, the castles. Police and miners' helmets represent the ranks of pawns.

The sets, costing less than £20 and with the miners' pieces, naturally, in coal black, are the brainchild of Bill Spalding, a graphic and photographic technician in Durham University's physics department. "I am not trying to make a point," says Spalding, the son of a miner. "I regard the set as a work of art. It is unbiased. Each figure is as grotesque or as beautiful as the others, depending on how you look at it. The chess set is not meant to be humorous."

Perhaps Spalding's chess set will add some new moves to the classics. Instead of the Dragon Variation of the Sicilian Defence, how about the Barmley Variation of the Orgreave Attack?

Card tricks

There has been no run on Midland Bank since it announced even bigger losses from its Crocker National subsidiary last week. But NatWest's cash machines seem to have doubts about the credit-worthiness of Midland's depositors.

Normally, anybody with a NatWest or Midland card can use the other bank's

The key to the improved balance of payments was the savage cutback in imports which at an estimated N6bn last year, were half their average 1980-82 levels, while exports at N3.9bn (\$1.1bn) were, in dollar terms, only 45 per cent of their peak 1980 values.

Monetary discipline was reflected in the very modest 4 per cent growth in the money supply, down from more than 12 per cent the previous year. Needless to say, clamping of the fiscal and monetary brakes in this way has had very painful consequences throughout the economy. Many thousands of people—in government service and in the private sector, especially manufacturing—have lost their jobs. Reduced government spending meant smaller payrolls.

The import crunch has had two main adverse effects. First, because Nigerian industry imports an estimated 70 per cent of its requirements of raw material and components, output and employment have fallen substantially. No meaningful unemployment figures are available, but a central bank survey of Lagos industry in the first half of 1984 found a 12 per cent reduction in employment while the number of registered job-seekers—no more than the tip of the iceberg—increased 85 per cent in the two years to March 1984 when it reached 354,400. It must by now exceed 500,000.

Secondly, as supply dried up, so prices escalated out of sight. Inflation is officially estimated at 40 per cent last year—almost double the 1983 figure of 22 per cent. Real Gross Domestic Product fell 12 per cent in 1983-84 period, slipping a further 1 per cent last year, implying that real living standards have fallen by about 25 per cent since the oil boom collapsed in 1980.

There have been some important qualitative achievements too. Lagos businessmen and bankers tell you that, its economic inexperience notwithstanding, the military government is making a better job of managing the economy than its civilian predecessors—although the policy profile is not that different. In a sentence, it is management and policy implementation that have improved, with the military being more decisive, more courageous and altogether more determined.

Not the least of the military's achievements has been the re-boltoning of business confidence. No one believes that Nigeria faces anything other than five very difficult years through to the 1990s, but businessmen say they are heartened by the military's evident determination to make austerity work.

What is questionable is whether austerity—on its own—is enough to see Nigeria through to the 1990s. While government leaders claim that the worst is past and that Nigeria's very modest 1985 1 per cent real growth target is attainable, bankers, businessmen, diplomats and a handful of Nigerian technocrats have their doubts—doubts that focus

NIGERIA AND THE IMF

Austerity may not be enough

By Tony Hawkins, recently in Lagos



Maj-Geo Buhari: a time for monetary discipline.

on a single issue, whether Nigeria can make it without the IMF.

On the surface, prospects are not good. Major-General Buhari forecasts Nigerian exports this year at N8bn, 95 per cent of which will be oil earnings. This forecast, based on oil production of 1.5m barrels a day, looks a shade conservative on 1984 market conditions when output averaged 1.4m b/d, reaching an estimated 1.6m b/d in December, but the oil market is thick with gloomy prognostications of a price crunch in the spring.

Debt-service this year is officially forecast at N3.5bn but because Nigeria did not pay the 1984 interest on the trade arrears promissory notes, this figure is probably slightly on the low side and actual payments could turn out to be closer to N4bn taking the debt-

service ratio to 50 per cent. Invisible payments will absorb a further N1bn, leaving only N3.5bn for merchandise imports, which apparently are being treated as a residual or balancing item with Nigerians being allowed to import only what they can afford after servicing their debts. Praise-worthy though this may be, is it realistic?

If this were a one-off situation, it might just be tenable, but unofficial estimates of Nigeria's debt-service commitments suggest a further increase to N4.5bn next year, before peaking at around N5bn in 1987. Given the generally pessimistic assumptions being made about oil earnings for the rest of the decade, this means that the debt-service ratio would rise from 50 per cent in 1985 to more than 65 per cent by 1987.

It is not that Nigeria is over-

borrowed externally. Its total disbursed debt at around N14bn—N1.5bn higher than the official estimate—is no more than 25 per cent of GNP, which is just below the average for all exporting countries as a group.

Instead, the Nigerian problem is essentially a cash-flow one with its roots in three historical developments—the bunched maturities arising from the medium and long-term debt negotiated in the 1970s, the re-scheduling of the trade arrears that accumulated in 1982-83 and, above all, the current oil glut which meant that Nigeria simply has not had continuing access to the \$25bn annual oil revenues enjoyed in 1980.

This is where the IMF comes into the picture. An IMF agreement would not only give Nigeria access to at least \$2.5bn over a three-year period, but would, to some extent, overturn bank reluctance to lend to Nigeria and significantly increase the volume of insured supply credit from the official insurance agencies.

All this would pave the way to a refinancing of Nigeria's medium and long-term debt, should this be necessary. As it is, the western creditor nations are unwilling to reschedule the arrears of Nigeria's insured trade debts, put at more than U.S.\$2.5bn, in the absence of a Fund deal, though there has been speculation here recently that Britain, which is owed at least \$1bn, might be prepared to reschedule without the Fund.

But the most compelling arguments are longer-run in nature. The austerity programme will not, on its own, adjust Nigeria's balance of payments, but rather it is a way of living with the consequences of failure to adjust. The savage import compression can only be a short-term strategy—a fact already evident in falling output, employment and incomes. Before much longer, the administration is going to have to make some tough and difficult choices—identifying those firms, in the motor assembly industry for instance, that will have to go to the wall, or shut down temporarily, because their import dependence precludes their operating at envisaged import levels.

It is not, therefore, that the austerity programme is wrong in itself, but that it is a bold strategy which, together with some of the positive measures in the budget—allowing Nigerians to operate external bank accounts in Nigeria, to encourage firms to reinvest remittable dividends, the quite marked shift of public funds into agriculture, the re-amping of the tariff—moves in the right direction but still essentially peripheral to the key problem, that of the overvalued Naira.

It's conservatively estimated that since the 1974 oil bonanza, the real effective exchange rate of the Naira has doubled. Small wonder is it then that non-oil exports have failed to grow and that the economy has become so heavily import-dependent. The black market for the Naira is about one quarter or even one-fifth of the official rate of 1,237 (U.S.) dollars to the Naira.

Nigeria is currently facing two critical economic issues—the immediate problem of managing the liquidity crisis and the longer-run challenge of structural adjustment. This latter implies reduced oil dependence, agricultural re-orientation, and developing a broader resource base for exports and import-substitutes. The most obvious options in the export field are the hugely expensive liquefied natural gas (LNG) and petrochemical projects, neither of which is likely to get off the ground without massive foreign investment.

The measures of the past year have stabilised the external payments situation, but at a heavy cost in terms of domestic deflation, but the internal deflationary position remains precarious. The budget deficit is still too high and one estimate suggests that the Federal government will have to reschedule as much as N8bn in internal loans to pay contractors.

There is precious little evidence of progress on the longer-term structural front and although agricultural output did improve 2 per cent last year, it was still 5 per cent below 1982 levels and output stagnated throughout the 1970s while population grew at more than 3 per cent annually.

The IMF and the World Bank argue that Naira devaluation of at least 25 per cent immediately followed by a further 25 per cent reduction of the domestic subsidy on petroleum (which

Budget deficit is still too high

would add N1bn to government revenues) and limited measure of trade liberalisation, would substantially improve economic efficiency and unlock the door to a period of rapid economic expansion.

Ironically, given the Government's seemingly implacable opposition to devaluation, the Federal government would be the greatest beneficiary since oil revenues which provide nearly 70 per cent of income would increase substantially in Naira terms following a devaluation, thereby opening the way to high levels of public sector investment. Obviously, devaluation would be inflationary, but so too are existing import-restraint policies which were mainly responsible for last year's 40 per cent inflation, and this year's 30 per cent target.

Although an IMF team is due in Lagos later this month for routine Article Four discussions, there is no evidence to suggest that the Government is getting ready to bite the devaluation bullet. Indeed, one informed source says the gap between the two parties is widening. But as the import squeeze intensifies, and especially if there are further falls in oil prices, then the Lagos policymakers may—but only may—think again.

Men and Matters

machines to get money. But in the last week, those luckless customers who have used a Midland Autobank and then a NatWest Savings Card have to suffer the indignity of having their cards swallowed up with instructions to contact their branches.

The problem apparently stems from the fact that 1984 was a leap year and the Midland machines cannot count to 366—or at least, they are programmed to do the calculation differently.

The banks thought they had sorted out the problem until two of my colleagues had their cards digested yesterday. "If it's any consolation," said the Midland man who listened to the complaints, "it happened to me too."

Close fit

Jonathan Thornton, who quit the NCB Pension Fund at the same time as his boss Hugh Jenkins last month, has quietly found a new slot in the City. He is to manage the £20m investment funds of Close Brothers, the small but growing merchant bank.

Close's management triumvirate—Rod Kent, Peter Stone and Peter Winkworth—who bought the bank from Consolidated Goldfields in 1979, has added the third investment leg to their specialist banking and corporate finance activities with a reverse takeover of Safeguard Industrial Investments last year.

They plan to concentrate their investment, like their enthusiastic Street, in the more obscure elements of housing, planning and administration when these subjects are being debated in exotic far-away places.

But now, Liam Kavanagh, environment minister, has decided that the foreign bandwagon is overrated. He has sent a letter to all the councils telling them to cut down on



market in 1983, fits neatly into this scheme of things.

For the past four years he has been with CIM Industrial Finance, the venture capital subsidiary of the Coal Board's pension fund. Before that he spent four years with ICF, and a similar period as finance director of Argon, a computer systems company launched by the National Enterprise Board.

Tripped up

Irish local government councillors are noted for their enthusiasm for the more obscure elements of housing, planning and administration when these subjects are being debated in exotic far-away places.

But now, Liam Kavanagh, environment minister, has decided that the foreign bandwagon is overrated. He has sent a letter to all the councils telling them to cut down on

Odds and ends

Some U.S. hotels, I hear, have already been charging sterling travellers cheques at an effective rate of \$1.10 to the pound. So can parity be far off?

Ladbrokes, the bookmakers, yesterday opened betting on the possibility, offering odds of 7-2 against naming the calendar month in which a pound note will buy just one dollar bill.

Patriots who do not like the idea of selling the pound short, can bet instead on the calendar month in which the rate of exchange again rises to \$1.33. Ladbrokes think that a less likely turn of events. They are offering odds of 9-2.

Whitehall ways

The First Division Association—the somewhat pompously named trade union of Whitehall's higher ranking officials—has drawn up a draft code of ethics for civil servants.

The code itself contains no radical solutions to the trickier questions of propriety that mandarins sometimes have to face—but then, as the FDA's executive says, there are difficulties.

"Civil servants' ethical anxieties often arise more from their inability to dissuade Ministers from acting in a way which they, the civil servants, regard as improper than from undue persuasion to act improperly themselves."

A code of ethics for Ministers would be more appropriate to deal with this but that is beyond our control."

Observer

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Letters to the Editor

Britain's economic prospects

From Lord Ems.
Sir—Mr. Ems. (January 2) takes a very gloomy view of Britain's economic prospects for 1985. His article would have been better balanced if he had dealt with some of the underlying problems facing Britain, which could emerge in the years after 1985, but he has not done so.

Mr. Ems. seems quite unimpressed by these developments and appears to consider that the position can be put right by the "income stream from overseas investments." It would be interesting to know where he considers we would land up if this process were to be continued in the years ahead, with overseas oil earnings diminishing, more and more goods being imported to meet our needs, and we ourselves investing in other countries' productive resources. What sort of unemployment level would be projected in those circumstances and how would the cost of it be met?

House of Lords, SW1.

Telecommunications in Europe

From Dr. A. Cullen.
Sir—Guy de Jongh's review of trends in information technology (January 2) contains both a serious misconception and a related contradiction.

The misconception is that the monopoly in telecommunications has been based solely on technical factors. This enables the view to be put that micro-electronics undermines such a "natural" monopoly. Students of telecommunications would object that Europe's national PTTs have developed as monopolies/monopolisms as much on institutional, political, and economic as on technical grounds.

If Mr. de Jongh is correct in suggesting that "economies of scale play an important role in the electronics

Overtime denies employment

From Mr. E. Whiting.
Sir—In 1978, there were about one-third of the numbers unemployed today. Then, about 30 per cent of operatives worked about 24 hours overtime each.

In 1984, your report on overtime (December 31) shows 52 per cent of operatives working 34 hours overtime. This must almost be a record for overtime. Overall, overtime now accounts for 11.1 per cent of working hours, in theory, if overtime was replaced by new employees, there would be no unemployment problem (at least as far as "manual workers" are concerned, who make up the bulk of the unemployed). As well as the unemployed, employers would be delighted too because the 22 per cent premium in basic pay (according to the Department of Employment figures quoted) would not need to be paid.

Much of the rise in earnings that is so lamented must be due, not to increases in basic pay, but to increasing overtime at higher premiums. I suspect that much of this is due to more Sunday working, which usually demands double pay at least.

How can it be true that many people are being priced out of jobs when over half the employers are willing to pay over 20 per cent more for their

Crude constraints on drugs

From the Managing Director, Epjohn.
Sir—While heartily endorsing the comments made by Mr. J. Cooper (January 3) in response to your leading article (December 28), I should welcome the opportunity to add two further points.

The pharmaceutical price regulation scheme is not just designed to reduce costs. Its primary purposes are to increase productivity and to encourage inward investment, research, manufacturing and exports. How can it be said, therefore, that it has not been a "conspicuous success" when the pharmaceutical industry achieves all of these objectives and is undoubtedly one of Britain's most efficient and productive industries and our fourth largest exporter?

The inference is made that

Secret trial for coal

From Dr. J. Stretton.
Sir—As the 1984 coal strike heads into 1985, without comment in any way on the miners' position, let us take a look at the Coal Board's stance. Some 180 separate mines, in all sorts of conditions, are unprofitable and must close down. While some may be deep in the red, there can be no negotiation on others, no matter how marginal their profitability.

Cash flow, from which costs are deducted to determine profitability, is easily found by multiplying output by the market price of the product. But just a minute, neither the FT nor the BBC Commodity News quotes the coal price. We do not use coal on this island and I do not know whether it is \$10 a tonne or \$1,000 a tonne nor what price the Coal Board used nor how it has changed since the strike started. Per-

Potentially highly unjust

From the Director, Promotion of Non-Executive Directors.
Sir—I write to support the aims that underlie the Insolvency Bill but am deeply concerned about one of the methods used to achieve them, viz. the automatic disqualification of company directors on a compulsory liquidation.

Our particular interest, which lies in strengthening boards by the inclusion of more able independent directors, would be badly served by the proposals because they would deter executives and non-executives alike from joining the boards of companies with problems. There are numerous circumstances which could lead to a winding up which no reasonable man could have foreseen and judgments about survival are often far from clear. What is more, the distinction between the circumstances which lead to a compulsory liquidation rather than some other course of action is not, by any means, always as clear as the legislative proposals imply.

Our concern goes further. We believe that the proposals will tend to discourage entrepreneurial attitudes and make companies more averse to risk. This is not a recipe for needed growth. Moreover, we fear that many companies which it might have been pos-



Taking no care of the pence

From Mr. M. Swiss.
Sir—I trust you will permit me to join the multitude of prognosticators common to the time of the year particularly since I would like to make a forecast for 1985.

Alongside with the acceptance of the 15p note as the lowest valued "paper money" in England the 5p piece, known

The pound and the dollar

From Mr. G. Kramer.
Sir—During December the pound was weak and the dollar was strong. Reading the newspapers and listening to radio and TV one is led to believe that this is due to the falling price for oil on the spot market. While this may be a factor the real reason is surely the need for debtors to buy dollars in order to service their debt.

Assuming that there is 400bn of dollar-denominated debt arising out of the Eurodollar market and the loans made by banks to Europe, Mexico and South America. Assuming too that the average rate of interest is 10 per cent then \$400bn have to be found each year and \$10bn each quarter to service the loans. We know that payment is often due on March 31, June 30, September 30 and December 31 as it is then that the banks worry if the interest will be received or the loans they have made classified as non-performing.

For many years the organisation of Petroleum Exporting Countries had such a surplus of dollars that there was no shortage of dollars in Europe. For many years also debtors were able to borrow more

Accounting for inflation

From Mr. D. Dale.
Sir—I am a member of the "Accounting for Inflation" (January 4) you recommended the accounting standards committee to drop current cost accounting and revert to current purchasing power. There is no doubt whatever that this is sound advice. The only thing one can say in a single sentence about exposure draft 35 is that it determined refusal to recognise the fundamental difference between inflationary price rises and ordinary commercial price changes, and to deal with the former and not the latter has inevitably led it to the most ridiculous conclusions.

Why, however, are you so concerned with possible Government opposition to CFP? Boards

VAT on local newspapers

From Councillor P. Circus.
Sir—The vice-chairman of North Wales Newspapers makes a crucial point (December 29) when he stresses the importance of local newspapers to the communities they serve.

This is particularly true in London and the metropolitan counties where the local press is almost the only vehicle of communication between the London boroughs, or metropolitan districts, and their electorate. This is particularly so because the local radio stations

WHOEVER predicted that 1984 was going to be "pensions year" was not wide of the mark. In addition to the recent future over possible taxation of the retirement lump sum benefit and loss of other tax concessions, the pensions industry has been greatly preoccupied by the Government's radical plan for a system of personal (portable) pensions.

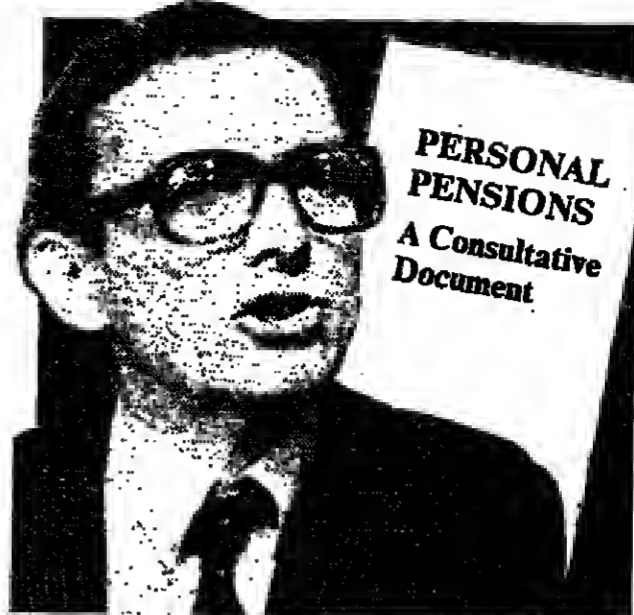
But while the tax issue involves a relatively straightforward choice for Mr. Nigel Lawson, the Chancellor of the Exchequer, the portable pension proposals (introduced last July) are extremely complex and likely to dominate the pension industry's thoughts throughout much of 1985.

Reform of the UK occupational pension system—which, it is widely agreed, penalises "early leavers"—is a cornerstone in the Government's policy to make British employees far more "job mobile."

The trouble at the moment is that the value of deferred pensions, based on salary at the time of leaving, tends to be eroded by rising prices.

Mr. Norman Fowler, the Social Services Secretary, has already attempted to correct the present inequities to job changers within the existing company pension scheme by means of a new "portable pension" benefit to allow for modest rises in inflation. These proposals are contained in the 1984 Social Security Bill, now in the committee stage in the House of Commons.

UK job mobility



Mr. Norman Fowler

Wanted: a system that will work

By Eric Short

But the industry has not produced the goods. The mass of evidence submitted at the end of November of the personal pensions will have made dismal reading for Mr. Fowler. Since the comments were not only singularly unhelpful in answering questions posed by the document but also highlighted the problems and contradictions in his proposals.

The principle behind personal pensions is straightforward enough. Employees will be able to opt out of their employers' scheme and/or the State earnings-related scheme in order to make provision for themselves.

Freedom of choice for employees sounds wonderful from a political platform—but there are practical difficulties.

While one of the Government's main objectives is to reduce dependence on the state, a system of personal pensions does not solve the problem of those individuals who do not adequately provide for their own.

Mr. Fowler was therefore seeking guidance on the minimum combined contribution of employer and employee to ensure that future pensioners will not be thrown back on the state. And here Mr. Fowler runs

pensions hint that the basic state pension might need to be raised to provide an adequate base.

The second major question on which Mr. Fowler sought guidance was on which financial institutions should offer personal pensions and how the consumer should be protected.

The Minister, however, did not get a clear answer. His problem is compounded by the fact that consumer protection is the responsibility of his colleague Mr. Norman Tebbit, the Trade and Industry Secretary. Mr. Tebbit's White Paper on the subject is expected shortly, but no one is prepared to comment in detail until it appears.

Yet proper protection is vital for employees. Mr. Michael Pilch, a leading pensions consultant, has frequently held out the prospect of hordes of life company salesmen descending on financially naive employees.

The life company associations obviously want their members to retain their virtual monopoly of individual pensions, they suggest that other institutions wishing to enter this business should do so through their own life company subsidiaries on the grounds that the necessary framework of protection already exists.

Other institutions, however, particularly unit trusts and building societies, would like to market personal pensions direct to employees.

Since these institutions operate under different regulatory umbrellas, Mr. Fowler's problem is either to reconcile these different standards, or establish yet another set of controls.

The final problem is administration, such as the payment of contributions, tax treatment and rebates.

Mr. Fowler's proposal is that the cost should not fall on employers—a point on which the Confederation of British Industry also has strong views.

The implication of Mr. Fowler's document is a massive, bureaucratic centralised clearing house financed by the institutions selling personal pensions.

The life companies, of course, are totally opposed to the concept of a clearing house. Legel and General group, Britain's largest pensions company, put forward a complex alternative which would cut out a central bureaucracy, yet not involve employers. It would, however, require institutions wanting to sell personal pensions to have a high level of administrative expertise and computer capacity.

The pensions industry now seems to be resigned to Mr. Fowler's plans, though very few companies are going out of their way to help him overcome the major difficulties. Mr. Fowler and his committee will have to rely on his department officials to produce a workable scheme.



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SECTION II - INTERNATIONAL COMPANIES

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Troubled Danish bank agrees to discuss merger

BY HILARY BARNES IN COPENHAGEN

KRONBANKEN, the Danish commercial bank which was rescued with guarantees from the central bank and the three largest Copenhagen banks in December, has agreed to discuss "co-operation" with Provinsbanken, based in Aarhus, Jutland.

Provinsbanken's general manager, Mr. Bjarne Dalsgaard, said at the weekend that his bank, which has about 140 branches, mostly in the eastern part of Jutland, was interested in acquiring Kronbanken.

A merger between the two would create a bank with a balance-sheet total of about Dkr 35bn (\$3.5bn), putting it among the top five banks.

Kronbanken was created in 1983 by a merger of two Zealand banks, Frederiksborg and Sjællandsk. It would complement Provinsbanken's Jutland network.

Several other Jutland banks, however, are also understood to be interested in acquiring Kronbanken.

The central bank and the Copenhagen banks put up guarantees

Scovill agrees Belzberg offer

By Bernard Simon in Toronto

THE WAY has been cleared for the Belzberg brothers of Vancouver to take control of Scovill of the U.S. following the endorsement by Scovill's directors of a tender offer by a Belzberg-controlled company of \$42.50 a share.

The directors advised Scovill shareholders to tender their shares under the \$52bn offer which expires at midnight on January 16. Scovill last month rejected the Belzberg's initial offer of \$35 a share. At least three other groups were reported to have shown an interest in making competitive bids for the Connecticut-based manufacturer of small appliances, security devices, fasteners and tyre valves.

The Scovill acquisition would mark a milestone in the Belzberg's efforts to diversify from financial services into energy and manufacturing. The bulk of the family's interests, through the Vancouver-based First City group, comprises mortgage lending, leasing, real estate development, trust administration and insurance. The Scovill tender offer has been made through First City Properties, a U.S. company controlled by the Belzbergs.

In 1982 the Belzbergs bought a 50 per cent in Aberford Resources, a Calgary-based oil and gas producer. Their attempts to expand into manufacturing have so far had little success, beyond the realisation of capital gains from the sale of accumulated shares.

Among the companies on which the three brothers unsuccessfully set their sights last year were the Canadian subsidiary of American Can and Blue Bell, the North Carolina garment manufacturer. The Belzbergs have indicated that they would retain Scovill's management if they gained control.

Teledyne earnings fall 74% in fourth quarter

BY OUR FINANCIAL STAFF

TELEDYNE, the Los Angeles-based manufacturing group, suffered a 74 per cent fall in fourth-quarter operating net earnings from \$8m, or \$4.37 a share, to \$2.2m, or \$1.06, despite revenues up from \$791.1m to \$867.2m.

A special tax credit of \$62.8m or \$5.36 a share, lifted final net earnings to \$57.1m, or \$7.32 a share, compared with \$80m or \$4.37 average shares outstanding last year from \$2.4m to \$11.1m in the latest quarter.

Full year final net earnings were \$374m, or \$37.88 a share, up from \$304.6m, or \$14.87, in 1983. Revenues rose from \$2.9bn to \$3.5bn.

The latest figures include a \$105m tax credit and gains of \$260.3m on sales of investments.

Earlier this year, Teledyne repurchased 8.6bn common shares at \$20 each after a tender offer in June that represented one of the largest share buy backs in U.S. corporate history.

PWH to expand in France

BY JOHN DAVIES IN FRANKFURT

PHB WESERHÜTTEN (PWH), the West German materials handling equipment group, has received approval from the French Ministry of Economics and Finance to expand its activities through a takeover in France.

It has taken a 65 per cent stake in Som-Delatire Sarr, in which the materials handling operations of Delatire-Levivier have been brought together. The French company is retaining a 35 per cent stake, in line with an agreement in principle reached with PWH early last year.

The move is part of a trend towards further rationalisation in the international materials handling equipment business.

PWH said yesterday that Som-Delatire, with headquarters in Paris and a factory in Valenciennes, would work closely with the West German group's existing French unit, PHB Someral Sarr in Mulhouse.

It would be active not only in France but also in other French-speaking countries and would co-operate in major plant projects handled by companies in the Schneider-Empain group. In addition, it would be involved in projects which were better handled from France, for instance because of favourable financing arrangements.

PWH said the takeover was in line with its strategy of developing important foreign markets through locally based operations.

A CANADIAN STEEL PRODUCTS GROUP FINDS MILLING CAPACITY GOING CHEAP

Ivaco irons out its production problems

BY ROBERT GIBBENS IN MONTREAL

HOW DOES Ivaco, Canada's fastest-growing steel products group, get a new mini-mill to meet rising demand for high-quality steels for a capital outlay of almost nothing?

The answer is by becoming the major customer of a \$100m (U.S.\$75.7m), 440,000 tonnes-a-year steel billet plant being built near Montreal by Quebec Iron and Titanium (QIT), an indirect affiliate of British Petroleum through Standard Oil of Ohio.

QIT has for many years been shipping iron ore from its Alard Lake mine on the north shore of the lower St Lawrence nearly 1,000 miles upstream to its smelter at Sorel-Tracy, a metals industry centre about 40 miles east of Montreal. At full capacity, QIT can produce about 550,000 tonnes of titanium slag yearly from the ilmenite which also means production of 650,000 tonnes of high-purity iron.

The titanium slag is sold to nearby plants and the iron moved to markets in North America, Europe and the Far East. The 1982 recession brought a sharp downturn in demand for QIT's special ductile irons and recovery has been slow, while the world market for pigments made from titanium slag has recovered faster. QIT was looking for ways to stabilise its iron markets and, if possible, produce an upgraded and more valuable material.

So QIT, with the help of the Quebec government, is investing about \$100m in a new billet plant alongside its smelter. Molten iron will go directly from the smelter to the billet plant for processing in an oxygen converter, a ladle refining station and a multi-shape continuous caster. The billets will be 85 per cent virgin iron and ideal for Ivaco.

Ivaco, in need of high-quality steel billet for its rolling mills, has agreed to take about 200,000 tonnes of QIT's output on a six-year contract starting in mid-1988 and subject to automatic three-year renewals.

The billet will be shipped to Ivaco's steel plant at L'Original in eastern Ontario for remelting and processing. Ivaco will spend between \$15m and \$20m there to raise hot-rolling capacity from 450,000 tonnes to 650,000 tonnes of wire rod annually, mainly through speeding up the existing mill.

Ivaco wanted high-quality billet made directly from iron ore and without scrap to upgrade and broaden its product mix and get into new carbon steel and alloy markets. For two years it had been testing the Swedish Inco process for low-cost conversion of iron ore into steel. It was to be used at L'Original, but will not be necessary now because Ivaco has found a supply of high-quality billet from QIT for a capital outlay of next to nothing.

Ivaco may still use the Swedish process, however, which boasts high-energy efficiency, at one of its U.S. plants.

"The contract is ideal for both firms," said Mr Paul Ivanier, president of Ivaco. "They get a stable long-term customer for their billet, helping them to diversify, and we can make grades of wire rod now produced by major integrated mills using oxygen steelmaking vessels and virgin ore. A mini-mill at L'Original could have cost \$75m. We'll both be on a learning curve for some time. We could do other joint ventures with QIT in future."

Ivaco has total steelmaking and rolling capacity in eastern Canada and the U.S. of nearly 2m tonnes annually. Its products include steel billet, hot-rolled bars and shapes, wire rod, wire, welded wire fabric, nails, fencing, fasteners, pipe, forgings, wire ropes and cable, prestressed high-carbon wire, paper-machine clothing and precision machine components.

Of its 34 plants, 16 are in Canada and 18 in the U.S. About 80 per cent of total dollar volume is done in the U.S. where it controls Laclede Steel of St Louis and several other products companies.

Ivaco in the past two years has built up a holding of about 12 per cent in Dofasco, Canada's third largest steelmaker, which specialises in sheet products. Dofasco has the reputation of being the best managed of all three major Canadian steelmakers, and is just embarking on a \$800m upgrading and expansion programme.

Ivaco was founded 35 years ago by Mr Isidore Ivanier, an immigrant from Romania, and it is now classified as North America's 11th largest steelmaker and the largest producer of wire and nails. Ivaco's total volume has grown from \$311m in 1969 when it went public to around \$1.2bn this year. The second billion will not take so long to achieve according to Mr Paul Ivanier, a chartered accountant by training, and in operating command for most of the last 15 years of expansion.

Isidore Ivanier shipped nail and wire manufacturing equipment from Europe to Montreal and set up in business just outside the city. Ivaco has successfully developed market niches, but has been faulted for its product strategy and, more recently, for its relatively high level of debt.

It retrenched, however, and came through the 1982 recession with strength in the right markets, high efficiency, and its interest in Laclede increased to 51 per cent. It has spent \$325m over six years to keep its plants efficient. It installed Danish Enkotec nail-making machines early, also becoming the North American distributor.

All four of Ivaco's steelmaking plants use electric furnaces and three are 100 per cent continuous casting. L'Original has set world records for continuous casting performance and has increased capacity for the new "special chemistry" steels.

In the first nine months of 1984, Ivaco earned \$25m or \$1.23 a share, against a loss of \$3.8m in 1983, on sales of \$390m against \$350m. Further recovery from the 1982 recession is expected in the fourth quarter and in 1985.

The company is looking at expanding its markets, and at its geographical spread. It is already operating across Canada, and long-term expansion further west in the U.S. is possible.

It is Ivaco's steady build-up of its 12 per cent share in Dofasco since early 1983 that has raised eyebrows in Canada, however. Analysts have speculated that Ivaco is aiming at 20 per cent of Dofasco and ultimately, control. The Ivaniers are saying little. They believe Dofasco is the jewel of the Canadian steel industry and they have bought the stock "for investment purposes."

More cryptically, Mr Paul Ivanier said that the \$325m sales mark is "in sight and some of our planning and strategic moves are already clear. We will be staying in the business we know well and there is plenty of room to grow."

Canadian trust groups told to raise new capital

BY OUR TORONTO CORRESPONDENT

THE CANADIAN authorities have asked several trust and loan companies to raise additional capital to cover higher loan loss provisions relating to a sharp fall in real estate values.

Mr Robert Hammond, Superintendent of Insurance whose department inspects the financial records of trust companies, declined to name any of the companies involved or to give details of the capital shortfalls, but he did say that the country's largest trust and loan companies were not affected.

Mortgage lending accounts form the bulk of the trust companies' business, but as competition with banks in the mortgage market has intensified, the trust companies have diversified into other financial services.

Three companies which had financed questionable apartment block sales in Toronto.

Mr Hammond said he had ordered a reappraisal of trust company holdings of commercial real estate in western Canada. The move was based on concern at the impact of the property slump in Alberta and British Columbia on the institutions' financial position. Many of the original appraisals were carried out during the oil and gas boom of the late 1970s when property prices soared.

Among the trust companies that have recently announced plans to raise new capital is Pioneer Trust of Regina, Saskatchewan with assets of \$275m. The company suffered a loss of \$31.7m in the first nine months of 1984.

New layoffs at Storage Technology

By Our Financial Staff

STORAGE Technology, the Colorado-based computer equipment maker which filed under Chapter 11 of the U.S. bankruptcy code in October, is laying off another 1,000 to 1,200 manufacturing workers at its Colorado plants.

The layoffs bring to more than 4,000 the number of Colorado workers who have lost their jobs with the company in the past three months.

About 5,000 will still be employed by the company after yesterday's action. The company's worldwide workforce will drop to about 10,000.

The filing came after Storage Technology suffered major losses in the face of increasing competition from IBM. Storage Technology was unable to turn costly investments in various new technologies into competitive products.

The company said it hoped to save about \$26m a year with the latest round of layoffs.

Epic may be first part of markets link

By George Graham in London

THE EPIC database could become the first element in plans for the London Stock Exchange to share information with its New York counterpart.

Epic is fed with price quotations from the London exchange's floor and with information such as company announcements. It forms the basis of the Topic Screen Network, an information system without direct parallels in New York.

Epic is supplied in computer-readable form to other information systems such as Cefax or Prestel in the UK. There is no insuperable difficulty in piping it in the same form across the Atlantic.

Indeed, the London market's recent decision to become a customer of the private telecommunications network Mercury is being interpreted as partly linked to the wish to transmit computer information to the U.S.

A more complete exchange of trading information between the two stock markets is impossible for the time being, because the London exchange is not capable of supplying immediate details of the last trades made and of the volume of shares dealt.

The changes in the structure of the London market that are due to follow the dismantling of minimum commission in 1986 mean that new computer systems will be installed.

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Local loans
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under fire

KUALA LUMPUR—Bank Bumiputra Malaysia's domestic bad loans have run into millions of ringgit because of malpractices among some of its officials, said Tun Hussein Onn, of Malaysia's national petroleum corporation, Petronas.

Tun Hussein, a former Prime Minister of Malaysia, described the bank's domestic lending policies as "just as bad" as those of Bumiputra Malaysia Finance (BMF), according to the national news agency, BFM, the bank's wholly-owned Hong Kong subsidiary, lent 2.5bn ringgit (U.S.\$1.02bn) during 1979-82 to various concerns, including the now defunct Carian group.

Last week, an official committee investigating BMF's lending practices, found prima facie evidence of corruption by six BMF executives and directors. All six are believed to be out of the country.

Tun Hussein said that most of Bank Bumiputra's outstanding loans were approved under doubtful security and improper guidelines. He also alleged that the bank officials involved received a certain percentage of the approved loans in the form of money or other gratification and that the bank had initiated proceedings against more than 140 debtors recently in a bid to recover several million ringgit.

The former Prime Minister also said that Petronas, which bought out Bank Bumiputra last September to save the bank from collapse, would check on the bank's financial situation from time to time. He welcomed the government's decision to make public the report by the committee of inquiry and reiterated that a Royal Commission of inquiry was needed to investigate the case further.

The agency also reported that Bank Bumiputra or BMF could seek an injunction to freeze the assets of the six BMF officials. AP-DJ

Steven Butler on recent efforts to expand Korea's stock market

Lukewarm response to Hyundai

KOREA'S fledgling stock market passed a milestone on December 22 when shares of Hyundai Engineering and Construction, the first company of the country's largest business conglomerate, began trading publicly.

However, the start of trading did not end the controversy surrounding the issue.

Dealing began at the issue price of \$50 won, and promptly rose to 900 won, reaching the maximum allowable one-day gain, with a huge trading volume of 7.4m shares out of an issue of only 50m shares.

But brokers say the stock came under heavy selling pressure. Lucky Securities, lead manager for the issue, and Kukil Securities, which is owned by Hyundai, intervened to support the price at 900 won.

On the second day of trading, the price fell to 500 won, the last for the year, the issue fell back to 500 won.

The 20 per cent offering for 42.5m won (\$49m), was the largest flotation in the market's history, and expanded Hyundai's paid-up capital to 125m won.

It was an event the Government had encouraged for several years in its push to persuade all Korea's large companies to list their shares.

Korean companies typically are poorly capitalised. At the end of 1983, Hyundai's debt was about 7.5 times its estimated net worth of 190m won.

The Government would also like to reduce the concentration of industrial ownership, which has come under increasing public attack.

A large family controlled conglomerate like Hyundai began to dominate the Korean economy in the 1970s, nurtured on "policy loans"—subsidised, low-

interest loans doled out to companies in targeted sectors of the economy.

At the same time, most companies were forced to turn to a large, high-interest bank market, estimated to account for as much as one-third of the money supply, when banks reached their lending limits.

The Government is now trying to wean the big corporations from their habitual diet of cheap, subsidised credit, and to liberalise the banking system. It believes this will eventually put most of the bank market out of business. Yet each step to readjust the markets sends shock waves through the financial community.

In early November, to counteract one of those shocks, the Ministry of Finance announced that 50m won would be loaned to securities companies for the purchase of stocks in their own accounts.

External shocks
The loans violate in principle a Government policy not to intervene in private markets, but the Government still wants to cushion the stock market from external shocks in order to foster its growth.

The Government had announced just two days earlier that an unofficial, though legal, market in repo bonds—bonds sold under repurchase agreement—would be phased out over six months.

That market, estimated at 1,500m won or one-third the size of the entire stock market, has become a major source of liquidity for the securities companies. But as one official put it, the transactions "made a

mockery of the Government's interest rate policy."

The bonds were trading at 17 to 15 per cent, close to the bank market rates, and well above the official bank lending rates of 10 to 10.5 per cent. The Government simultaneously raised deposit rates at banks to draw money into long-term bank deposits.

In the meantime, a tide of money has flowed into the stock market since early December, to produce a vigorous year-end, pre-dividend rally, pushing up the market's composite index in close the year at a new high of 42.46—though a seasonal downturn can now be expected.

In addition to the 50m won of stock-purchase loans, at the Government's request, banks purchased some 30m won of bonds from the securities houses. Brokers also attribute the rally to a temporary "election year" easing of the money supply, to the crackdown on real estate speculation which has been a favourite investment for rich Koreans, and to the belief that there will be further liberalisation of the stock market, which would allow companies to set their dividends freely and might allow more foreign participation in the market.

Nonetheless, some analysts expect a new liquidity crunch this year, after the elections.

Some observers had hoped the Hyundai issue might be buoyed by the year-end rally. But many construction issues have been trading below par because of stock business from the Middle East, and appear to have been left out of the rally.

Hyundai was also one of the few companies to meet stringent standards that allowed

listing at a premium above the par value of 500 won.

For many companies, as one securities analyst put it, public offerings at par were tantamount to giving the company away.

But underwriters are still inexperienced in pricing shares above par.

Hyundai initially proposed the shares be sold at a 100 per cent premium, but the plan ran into trouble with Korea's securities supervisory board. Hyundai then compromised and agreed to offer the shares at only a 70 per cent premium.

Oversubscribed
The issue was oversubscribed 2.6 times, but in the Korean context where oversubscriptions of 30 to 50 times are common, and where underwriters must guarantee the issue price for 30 days (making a subscribers' risk free), most brokers considered the flotation something of a flop.

However, market observers are hopeful that the public's lukewarm response to Hyundai will not discourage the 25 or so companies that have indicated they plan to list publicly next year. This compares with no new listings in 1982, three in 1983, and about 14 in 1984.

Analysts say the Government's tight money policy is forcing private companies to turn to the securities market for funds. Owners are also encouraged by new rules that allow them to offer only 20 per cent, as opposed to 40 per cent, of their company.

Korea's entrepreneurs are happy to let the public help expand their capital base, but not if they lose control of their companies in the process.

Middle East Petroleum
losses put at U.S.\$5m

BY MARY FRINGS IN BAHRAIN

THE LOSSES of Middle East Petroleum, a small Bahrain-based offshore trading company which filed for bankruptcy last month, have been officially put at about US\$5m.

The amount is 10 times the company's capital, but represents only 150,000 to 200,000 barrels of oil products.

MEP was registered under Bahrain's exempt (i.e. offshore) company laws in October 1981, but suspended operations and closed its Bahrain office at the end of November.

It was owned by Badr Al-Saleem Ali Juma Al-Saleem, a Kuwaiti, who held all but one of the 500,000 shares, and was managed by his brother Nasser. The company apparently had technical assistance or advice from Sun Oil, the 10th largest U.S. oil corporation.

MEP had offices in London and the U.S., and registered a second company in the Cayman Islands. About seven or eight creditors are waiting for the Bahrain court to appoint a liquidator to that they may press their claims.

Deak-Perera licence revoked

HONG KONG—The government has announced that it has revoked the registration of Deak-Perera Finance, which is affiliated to the financially troubled Deak group of the U.S.—as a deposit-taking company.

Mr Robert Fell, the Banking Commissioner, said the registration was revoked last Wednesday because "the business of the company was being carried on in a manner detrimental to the interests of its depositors."

Earlier, Mr John Brembridge, the Colony's Financial Secretary, had petitioned the Hong Kong Supreme Court to liquidate Deak-Perera Far East, a foreign exchange and precious metal-dealing house also affiliated to the U.S. company.

Both Deak-Perera Finance and Deak-Perera Far East have suspended operations here since early December after their holding company in the U.S. filed for protection to reorganise under the U.S. bankruptcy code.

AP-DJ

OUB invests
in private bank

SINGAPORE—Overseas Union Bank, the island states' fourth largest local bank in terms of assets, plans to acquire 3.8m shares in the privately owned Asia Commercial Bank from Mr Ang Keong Lan.

In exchange for the 5 per cent stake in Asia Commercial, OUB will issue 2.8m new shares, credited as fully paid, to Mr Ang.

The transaction will boost OUB's issued share capital by 1.1 per cent to 256.0m shares from the current 253.2m. On yesterday's share price, down 8 cents to \$53.76, the bank's market capitalisation is now \$8962.8m (US\$440m).

AP-DJ

ENERGY RESOURCES &
SERVICES INCORPORATED

Net Asset Value
31st December 1984
\$6.74
per share (unaudited)

STOCKHOLDERS FAR EAST
INVESTMENTS INC.

Net Asset Value
31st December 1984
\$2.47
per share (unaudited)

BASE LENDING RATES

A.B.N. Bank	9 1/2%	C. Hoare & Co.	9 1/2%
Allied Irish Bank	9 1/2%	Hong Kong & Shanghai	9 1/2%
Amro Bank	9 1/2%	Johnson Matthey Birs	9 1/2%
Henry Ansbacher	9 1/2%	Knightsley & Co. Ltd.	10 1/2%
Armedo Trust Ltd.	10 1/2%	Lloyds Bank	9 1/2%
Associates Cap. Corp.	9 1/2%	Mallinshall Limited ..	10 1/2%
Banco de Bilbao	9 1/2%	Edward Manton & Co.	10 1/2%
Bank Hapoalim	9 1/2%	Merchall & Sons Ltd.	9 1/2%
BCCI	9 1/2%	Midland Bank	9 1/2%
Bank of Ireland	9 1/2%	Morgan Grenfell	9 1/2%
Bank of Cyprus	9 1/2%	Mount Credit Corp. Ltd.	9 1/2%
Bank of India	9 1/2%	National Bk. of Kuwait	9 1/2%
Bank of Scotland	9 1/2%	National Girobank	9 1/2%
Banque Belge Ltd.	9 1/2%	National Westminster	9 1/2%
Barclays Bank	9 1/2%	Norwich Gen. Tst.	9 1/2%
Beneficial Trust Ltd.	10 1/2%	People's Tst. & Sav. Ltd.	10 1/2%
Brit Bank of Mid. East ..	9 1/2%	Provincial Tst. Ltd.	10 1/2%
Brown Shipley	9 1/2%	R. Raphael & Sons	9 1/2%
CL Bank Nederland	9 1/2%	P. S. Refson	9 1/2%
Canada Perm't Trust	9 1/2%	Roxburgh Guarantee ..	10 1/2%
Cayzer Ltd	9 1/2%	Royal Bk. of Scotland ..	9 1/2%
Cedar Holdings	11 1/2%	Royal Trust Co. Canada	9 1/2%
Charterhouse Japhet	9 1/2%	Wintour & Sons	9 1/2%
Choulatons	9 1/2%	J. Henry Schroder Wagg	9 1/2%
Citibank NA	9 1/2%	Standard Chartered ...	9 1/2%
Citibank Savings	10 1/2%	Trade Dev. Bank	9 1/2%
Clydesdale Bank	9 1/2%	TCB	9 1/2%
C. E. Coates & Co. Ltd.	10 1/2%	Trustee Savings Bank ..	9 1/2%
Comm. Bk. N. East	9 1/2%	United Bank of Kuwait	9 1/2%
Consolidated Credits	9 1/2%	United Mizrahi Bank	9 1/2%
Co-operative Bank	9 1/2%	Westpac Banking Corp.	9 1/2%
The Cyprus Popular Bk	9 1/2%	Whitcaway Laidlaw	10 1/2%
Dubai & Co. Ltd.	9 1/2%	Williams & Glyn's	9 1/2%
Duncan Lawrie	9 1/2%	Wintour & Sons	9 1/2%
E. T. Trust	10 1/2%	Yorkshire Bank	9 1/2%
Exeter Trust Ltd.	10 1/2%		
First Nat. Fin. Corp.	11 1/2%		
First Nat. Secs. Ltd.	11 1/2%		
Robert Fleming & Co.	9 1/2%		
Robert Fraser & Pits.	10 1/2%		
Grindlays Bank	9 1/2%		
Guinness Mahon	9 1/2%		
Hamrobs Bank	9 1/2%		
Hertford & Gen. Trust	9 1/2%		
Hill Samuel	9 1/2%		

Members of the Accepting Houses Committee:
7-day deposits 8.25%, 1 month 8.5%, 3 months 9%, 6 months 9.5%, 12 months 10.5%, 18 months 11%, 24 months 11.5%, 30 months 12%, 36 months 12.5%, 42 months 13%, 48 months 13.5%, 54 months 14%, 60 months 14.5%, 66 months 15%, 72 months 15.5%, 78 months 16%, 84 months 16.5%, 90 months 17%, 96 months 17.5%, 102 months 18%, 108 months 18.5%, 114 months 19%, 120 months 19.5%, 126 months 20%, 132 months 20.5%, 138 months 21%, 144 months 21.5%, 150 months 22%, 156 months 22.5%, 162 months 23%, 168 months 23.5%, 174 months 24%, 180 months 24.5%, 186 months 25%, 192 months 25.5%, 198 months 26%, 204 months 26.5%, 210 months 27%, 216 months 27.5%, 222 months 28%, 228 months 28.5%, 234 months 29%, 240 months 29.5%, 246 months 30%, 252 months 30.5%, 258 months 31%, 264 months 31.5%, 270 months 32%, 276 months 32.5%, 282 months 33%, 288 months 33.5%, 294 months 34%, 300 months 34.5%, 306 months 35%, 312 months 35.5%, 318 months 36%, 324 months 36.5%, 330 months 37%, 336 months 37.5%, 342 months 38%, 348 months 38.5%, 354 months 39%, 360 months 39.5%, 366 months 40%, 372 months 40.5%, 378 months 41%, 384 months 41.5%, 390 months 42%, 396 months 42.5%, 402 months 43%, 408 months 43.5%, 414 months 44%, 420 months 44.5%, 426 months 45%, 432 months 45.5%, 438 months 46%, 444 months 46.5%, 450 months 47%, 456 months 47.5%, 462 months 48%, 468 months 48.5%, 474 months 49%, 480 months 49.5%, 486 months 50%, 492 months 50.5%, 498 months 51%, 504 months 51.5%, 510 months 52%, 516 months 52.5%, 522 months 53%, 528 months 53.5%, 534 months 54%, 540 months 54.5%, 546 months 55%, 552 months 55.5%, 558 months 56%, 564 months 56.5%, 570 months 57%, 576 months 57.5%, 582 months 58%, 588 months 58.5%, 594 months 59%, 600 months 59.5%, 606 months 60%, 612 months 60.5%, 618 months 61%, 624 months 61.5%, 630 months 62%, 636 months 62.5%, 642 months 63%, 648 months 63.5%, 654 months 64%, 660 months 64.5%, 666 months 65%, 672 months 65.5%, 678 months 66%, 684 months 66.5%, 690 months 67%, 696 months 67.5%, 702 months 68%, 708 months 68.5%, 714 months 69%, 720 months 69.5%, 726 months 70%, 732 months 70.5%, 738 months 71%, 744 months 71.5%, 750 months 72%, 756 months 72.5%, 762 months 73%, 768 months 73.5%, 774 months 74%, 780 months 74.5%, 786 months 75%, 792 months 75.5%, 798 months 76%, 804 months 76.5%, 810 months 77%, 816 months 77.5%, 822 months 78%, 828 months 78.5%, 834 months 79%, 840 months 79.5%, 846 months 80%, 852 months 80.5%, 858 months 81%, 864 months 81.5%, 870 months 82%, 876 months 82.5%, 882 months 83%, 888 months 83.5%, 894 months 84%, 900 months 84.5%, 906 months 85%, 912 months 85.5%, 918 months 86%, 924 months 86.5%, 930 months 87%, 936 months 87.5%, 942 months 88%, 948 months 88.5%, 954 months 89%, 960 months 89.5%, 966 months 90%, 972 months 90.5%, 978 months 91%, 984 months 91.5%, 990 months 92%, 996 months 92.5%, 1002 months 93%, 1008 months 93.5%, 1014 months 94%, 1020 months 94.5%, 1026 months 95%, 1032 months 95.5%, 1038 months 96%, 1044 months 96.5%, 1050 months 97%, 1056 months 97.5%, 1062 months 98%, 1068 months 98.5%, 1074 months 99%, 1080 months 99.5%, 1086 months 100%, 1092 months 100.5%, 1098 months 101%, 1104 months 101.5%, 1110 months 102%, 1116 months 102.5%, 1122 months 103%, 1128 months 103.5%, 1134 months 104%, 1140 months 104.5%, 1146 months 105%, 1152 months 105.5%, 1158 months 106%, 1164 months 106.5%, 1170 months 107%, 1176 months 107.5%, 1182 months 108%, 1188 months 108.5%, 1194 months 109%, 1200 months 109.5%, 1206 months 110%, 1212 months 110.5%, 1218 months 111%, 1224 months 111.5%, 1230 months 112%, 1236 months 112.5%, 1242 months 113%, 1248 months 113.5%, 1254 months 114%, 1260 months 114.5%, 1266 months 115%, 1272 months 115.5%, 1278 months 116%, 1284 months 116.5%, 1290 months 117%, 1296 months 117.5%, 1302 months 118%, 1308 months 118.5%, 1314 months 119%, 1320 months 119.5%, 1326 months 120%, 1332 months 120.5%, 1338 months 121%, 1344 months 121.5%, 1350 months 122%, 1356 months 122.5%, 1362 months 123%, 1368 months 123.5%, 1374 months 124%, 1380 months 124.5%, 1386 months 125%, 1392 months 125.5%, 1398 months 126%, 1404 months 126.5%, 1410 months 127%, 1416 months 127.5%, 1422 months 128%, 1428 months 128.5%, 1434 months 129%, 1440 months 129.5%, 1446 months 130%, 1452 months 130.5%, 1458 months 131%, 1464 months 131.5%, 1470 months 132%, 1476 months 132.5%, 1482 months 133%, 1488 months 133.5%, 1494 months 134%, 1500 months 134.5%, 1506 months 135%, 1512 months 135.5%, 1518 months 136%, 1524 months 136.5%, 1530 months 137%, 1536 months 137.5%, 1542 months 138%, 1548 months 138.5%, 1554 months 139%, 1560 months 139.5%, 1566 months 140%, 1572 months 140.5%, 1578 months 141%, 1584 months 141.5%, 1590 months 142%, 1596 months 142.5%, 1602 months 143%, 1608 months 143.5%, 1614 months 144%, 1620 months 144.5%, 1626 months 145%, 1632 months 145.5%, 1638 months 146%, 1644 months 146.5%, 1650 months 147%, 1656 months 147.5%, 1662 months 148%, 1668 months 148.5%, 1674 months 149%, 1680 months 149.5%, 1686 months 150%, 1692 months 150.5%, 1698 months 151%, 1704 months 151.5%, 1710 months 152%, 1716 months 152.5%, 1722 months 153%, 1728 months 153.5%, 1734 months 154%, 1740 months 154.5%, 1746 months 155%, 1752 months 155.5%, 1758 months 156%, 1764 months 156.5%, 1770 months 157%, 1776 months 157.5%, 1782 months 158%, 1788 months 158.5%, 1794 months 159%, 1800 months 159.5%, 1806 months 160%, 1812 months 160.5%, 1818 months 161%, 1824 months 161.5%, 1830 months 162%, 1836 months 162.5%, 1842 months 163%, 1848 months 163.5%, 1854 months 164%, 1860 months 164.5%, 1866 months 165%, 1872 months 165.5%, 1878 months 166%, 1884 months 166.5%, 1890 months 167%, 1896 months 167.5%, 1902 months 168%, 1908 months 168.5%, 1914 months 169%, 1920 months 169.5%, 1926 months 170%, 1932 months 170.5%, 1938 months 171%, 1944 months 171.5%, 1950 months 172%, 1956 months 172.5%, 1962 months 173%, 1968 months 173.5%, 1974 months 174%, 1980 months 174.5%, 1986 months 175%, 1992 months 175.5%, 1998 months 176%, 2004 months 176.5%, 2010 months 177%, 2016 months 177.5%, 2022 months 178%, 2028 months 178.5%, 2034 months 179%, 2040 months 179.5%, 2046 months 180%, 2052 months 180.5%, 2058 months 181%, 2064 months 181.5%, 2070 months 182%, 2076 months 182.5%, 2082 months 183%, 2088 months 183.5%, 2094 months 184%, 2100 months 184.5%, 2106 months 185%, 2112 months 185.5%, 2118 months 186%, 2124 months 186.5%, 2130 months 187%, 2136 months 187.5%, 2142 months 188%, 2148 months 188.5%, 2154 months 189%, 2160 months 189.5%, 2166 months 190%, 2172 months 190.5%, 2178 months 191%, 2184 months 191.5%, 2190 months 192%, 2196 months 192.5%, 2202 months 193%, 2208 months 193.5%, 2214 months 194%, 2220 months 194.5%, 2226 months 195%, 2232 months 195.5%, 2238 months 196%, 2244 months 196.5%, 2250 months 197%, 2256 months 197.5%, 2262 months 198%, 2268 months 198.5%, 2274 months 199%, 2280 months 199.5%, 2286 months 200%, 2292 months 200.5%, 2298 months 201%, 2304 months 201.5%, 2310 months 202%, 2316 months 202.5%, 2322 months 203%, 2328 months 203.5%, 2334 months 204%, 2340 months 204.5%, 2346 months 205%, 2352 months 205.5%, 2358 months 206%, 2364 months 206.5%, 2370 months 207%, 2376 months 207.5%, 2382 months 208%, 2388 months 208.5%, 2394 months 209%, 2400 months 209.5%, 2406 months 210%, 2412 months 210.5%, 2418 months 211%, 2424 months 211.5%, 2430 months 212%, 2436 months 212.5%, 2442 months 213%, 2448 months 213.5%, 2454 months 214%, 2460 months 214.5%, 2466 months 215%, 2472 months 215.5%, 2478 months 216%, 2484 months 216.5%, 2490 months 217%, 2496 months 217.5%, 2502 months 218%, 2508 months 218.5%, 2514 months 219%, 2520 months 219.5%, 2526 months 220%, 2532 months 220.5%, 2538 months 221%, 2544 months 221.5%, 2550 months 222%, 2556 months 222.5%, 2562 months 223%, 2568 months 223.5%, 2574 months 224%, 2580 months 224.5%, 2586 months 225%, 2592 months 225.5%, 2598 months 226%, 2604 months 226.5%, 2610 months 227%, 2616 months 227.5%, 2622 months 228%, 2628 months 228.5%, 2634 months 229%, 2640 months 229.5%, 2646 months 230%, 2652 months 230.5%, 2658 months 231%, 2664 months 231.5%, 2670 months 232%, 2676 months 232.5%, 2682 months 233%, 2688 months 233.5%, 2694 months 234%, 2700 months 234.5%, 2706 months 235%, 2712 months 235.5%, 2718 months 236%, 2724 months 236.5%, 2730 months 237%, 2736 months 237.5%, 2742 months 238%, 2748 months 238.5%, 2754 months 239%, 2760 months 239.5

Financial Times Tuesday January 8 1985

INTL. COMPANIES & FINANCE

Deutsche Babcock sales decline

BY OUR FINANCIAL STAFF

DEUTSCHE Babcock, the West German heavy engineering group, expects to unveil satisfactory results for 1984 despite substantially lower turnover. Weak demand plus the group's efforts to trim capacity at loss-making divisions helped push turnover for the year down to DM 7bn (\$2.21bn), the company said. For 1983 turnover totalled DM 8.1bn. Babcock made a net profit of DM 24m in 1984, said it passed over some risky construction deals last year in order to minimise potential losses. It reduced activities in its troubled international construction and trade groups. As a result, 1984 order inflow fell to DM 5.8bn in 1984 from DM 7.1bn the previous year. Orders on hand fell by 15 per cent to about DM 9bn. In 1985, order inflow is expected to hold steady at 1984 levels. However, turnover may decline further to DM 6bn, Babcock said its construction and trading groups lost money in 1984 while industrial engineering and machinery-making operations posted profits. The company trimmed its staff by 2,270 during the year to 22,515 after the completion of several major construction projects. It also gained a more substantial financial footing last year with bank debt narrowing to DM 70m from DM 210m a year earlier. Financial investments totalled DM 650m and there was DM 1.2bn of unused credit to fall back on, the company stressed.

Norway blocks bank equity proposal

By David Brown in Stockholm

The Norwegian Finance Ministry yesterday turned down an application by Bergen Bank, the country's third largest commercial bank, to increase its foreign-owned voting capital beyond the 10 per cent legal limit. However, the Ministry said the bank could issue up to 20 per cent of its capital in non-voting equity. Bergen Bank said the decision would not affect a far-reaching deal under which three Nordic banks are seeking to exchange shareholdings in each other to meet growing competition from foreign institutions.

Allianz hints at move into banking

HAMBURG — Allianz, the major West German insurance group, is considering going into the banking business, according to Herr Wolfgang Schieren, the chief executive.

The Munich-based group last month announced that it was converting itself into a holding company and having off its primary insurance business into a separate company in order to acquire greater corporate flexibility.

Herr Schieren said he did not see Allianz turning into a universal bank involved in the whole range of banking from small private accounts to big international business portfolios. The company would remain primarily an insurer. "But, in future we cannot exclude possibly taking on business ourselves that is now left to banks," Renter.

Dutch options exchange boosts activity by 45%

BY LAURA RADIN IN AMSTERDAM

ACTIVITY on the European Options Exchange (EOE) rose by 45 per cent to 5,000 contracts in 1984. Average daily turnover rose to 20,150 contracts last year from 13,786 in 1983 while cash turnover grew to £1.25bn (\$812m) from £1.178bn. As in past years, stock options accounted for a majority of activity with 4.1m of these contracts changing hands compared with 2.58m in 1983. The most actively traded classes were Philips, Akzo and Royal Dutch Petroleum. The EOE expects to introduce an option on Robeco, the big Dutch investment trust, in the first quarter of 1985, says Mr T. E. Westerterp, director of the exchange. Robeco would become the first investment fund on the EOE. In the second quarter, the EOE expects to reintroduce its EOE-Index Option, which is an index based on the price fluctuation of the 14 underlying stocks listed on the EOE. Dealings in this option were suspended in November 1983.

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Freeport-McMoRan Inc.

has acquired

Midlands Energy Company

The undersigned assisted in the negotiation of this transaction and acted as financial advisor to Freeport-McMoRan Inc. and as dealer manager of its tender offer.

LAZARD FRÈRES & Co.

December 12, 1984

Renault plans FFr 2bn domestic bonds

By Our Financial Staff

RENAULT, the loss-making French state-owned motor group, plans to raise FFr 2bn (\$200m) through the Paris bond market.

The fund raising is part of a huge financing package earmarked by Renault in support of heavy capital investment and redundancy payments.

The group, which ran up losses of FFr 1.6bn in 1983 and was FFr 3.6bn in the red for the first half of 1984, is expected to report very heavy losses for last year.

The bonds will be for 12 years at a fixed rate of 12.5 per cent. They will be sold in lots of FFr 5,000, and have an issue price of FFr 99.50. Payment date will be February 4.

Italian fashion house ahead

By Alan Friedman in Milan

LUCIANO SOPRANI, one of Italy's fastest growing fashion companies, says it expects turnover for 1984 to total L28bn (\$14.7m), an increase of 25 per cent on last year. The Milan-based Soprani group's net profit, however, remains small at L700m, up 20 per cent.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / December, 1984

\$300,000,000

IBM Credit Corporation

Extendable Notes Due December 15, 1996

Annual interest rate 10% through December 14, 1987

The Notes will be repayable on December 15, 1987 and on any December 15 thereafter immediately following the end of an Interest Period (a period of one or more whole years ending on December 14 of any year through 1996), at the option of the holder, at their principal amount together with interest to the date of repayment. The Notes are redeemable at the option of the Company, in whole or in part, during the one-year period beginning December 15, 1988 at 101% of their principal amount plus accrued interest to the date fixed for redemption. Unless previously repaid or redeemed, the Notes will mature on December 15, 1996.

The annual interest rate on the Notes will be adjusted on December 15, 1987, and on each December 15 thereafter which corresponds to the beginning of an Interest Period, to a rate established by the Company in its discretion without limitation.

Salomon Brothers Inc

The First Boston Corporation

Goldman, Sachs & Co.

Lehman Brothers

Merrill Lynch Capital Markets

Shearson Lehman/American Express Inc.

Atlantic Capital

Daiwa Securities America Inc.

Morgan Stanley & Co.

Donaldson, Lufkin & Jenrette

Dillon, Read & Co. Inc.

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Drexel Burnham Lambert

Nomura Securities International, Inc.

PaineWebber

Prudential-Bache

L. F. Rothschild, Unterberg, Towbin

Smith Barney, Harris Upham & Co.

Swiss Bank Corporation International

UBS Securities Inc.

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

Yamaichi International (America), Inc.

December 1984
This announcement appears as a matter of record only.



Empresa Nacional de Electricidad, S.A.

Sterling Term Loan
for the equivalent of
approximately
US\$31,000,000

Arranged by:

Banco Hispano Americano, S.A.

Lloyds Bank International Limited

Provided by:

Banco Hispano Americano, S.A.

Lloyds Bank International Limited

Banco de Vizcaya, S.A.

Banco Exterior de Espana, S.A.

Banco Pastor, S.A.

The Bank of Yokohama Ltd.

Caja de Ahorros y Monte de Piedad

Canadian Imperial Bank Group

de Madrid

Crédit Lyonnais, S.A.

The Mitsubishi Trust & Banking Corporation

Mitsubishi Trust & Banking

The Mitsui Bank, Limited

Corporation (Europe) S.A.

N M Rothschild & Sons Limited

The Sanwa Bank, Limited

Société Générale de Banque en Espagne

The Taiyo Kobe Bank, Ltd.

Agent Banks:

Banco Hispano Americano, S.A.

Lloyds Bank International Limited

Gregory seeks second reduction in value of Glanfield takeover

BY CHARLES BACHELOR

Gregory Securities, the investment company headed by Mr. Jim Gregory, chairman of Queens Park Rangers football club, wants to make a second reduction in the value of its takeover bid for Glanfield, the North London motor dealer.

Gregory has already been given permission once by the Takeover Panel at the beginning of December to cut the value of its bid to 40p per share from 50p per share.

At 40p the Gregory offer values Glanfield at £2.62m. Glanfield's shares are currently suspended from Stock Exchange trading at 52p.

Mr. Michael Warwick, managing

director of Glanfield, said: "It is our understanding from talking to the Takeover Panel that Gregory has tried to make a very strong case for the Panel to think again."

The Panel said yesterday only that it expected to make a statement later this week. The Panel previously set a December 19 deadline for Gregory to make its bid but this deadline was lifted to allow further discussions to take place.

Mr. Warwick said Glanfield had told the panel that Gregory had been in possession of all the information regarding its performance for some time and there was no reason for a "re-trial".

Glanfield spent £100,000 in

1984 on legal and other fees to put its case to the Panel. These resulted from both the Gregory approach and an earlier approach from Bajau, a company connected with Mr. Christopher Selmes.

Mr. Warwick said independent shareholders would have the right to wonder what was happening if the panel now declined to require Gregory to go ahead with its bid.

Glanfield initially forecast that it would make pre-tax profits of not less than £250,000 in 1984, but is now expected to do only slightly better than break even at the pre-tax level in 1984 while it would also make an extraordinary loss—including the legal expenses—of £225,000.

Dispute at Hobson is being taken to court

By William Dawkins

AN ACRIMONIOUS boardroom dispute at Hobson, a Cheltenham-based maker of aluminium flat dies, is due to be taken to the High Court today.

Mr. George Nicholson, the group's former managing director, is applying for an injunction, due to be heard today, to reverse the board's decision just before Christmas to suspend him with full pay from all executive duties for two months. He claims the move was unconstitutional.

Mr. Rodney Harnett, Hobson's chairman, yesterday declined to comment on the reasons for Mr. Nicholson's dismissal, beyond saying that the board had considered it in the best interests of the company and its shareholders.

Mr. Nicholson says the row centres on his position in negotiations with Kobe Steel of Japan. He is supporting a deal whereby Kobe would pay £50,000 to take Hobson processing equipment for a year's trial, with a view to forming a joint venture later.

He has called an extraordinary meeting for February 7 to press for the dismissal of his three co-directors: Mr. Harnett, Mr. David Stewart, the technical director, and Mr. Patrick Brennan, a former finance director of the Hambros merchant banking group. Mr. Stewart is the co-inventor with Mr. Nicholson of Hobson's cost-saving process for making aluminium extrusion flat dies.

Hobson, which was admitted to the USM last June, saw its share price drop yesterday by 2p to 21p.

Phoenix Props. meeting snubs board changes

By Michael Cassell, Property Correspondent

SHAREHOLDERS in Phoenix Properties and Finance yesterday failed in a bid to oust two members of the board and to appoint three new directors.

An extraordinary meeting in London rejected moves, led by Mr. Desmond Bloom, to vote Mr. R. Brooks, the former chairman, and Mr. M. R. Allen off the board.

Mr. Bloom, who had the support of shareholders accounting for just over 20 per cent of the capital, also put himself forward as a director, along with Mr. Martin Silverman, a partner with Morrison Stoneham, the accountants, and Mr. Martin Phillips, senior partner of A. L. Phillips, the solicitors.

All five special resolutions put to the meeting, attended by about 50 shareholders, were defeated.

At the end of 1984, Mr. David Landau, a partner in Landau the Solicitors, the solicitors, was elected as chairman of Phoenix to replace Mr. Brooks. Mr. John Main, an associate with Montagu, Loeb, Stanley, the stockbrokers, also joined the board.

The newly-constituted board had called on shareholders to vote against the proposed board changes.

Management buy-out at Wades Stores

A £20m management buy-out of Wades Department Stores from its parent company, Associated Dairies, is likely to be finalised by the end of the month.

The deal is being put together by the venture capital arm of Citicorp, the U.S. bank, which plans to take a minority equity stake in the new company.

Wades, which operates more than 60 shops and employs some 1,200 people, has been a dull performer in its seven years recording operating profits of just £1.5m last year on turnover of £51.5m. It is expected to show a loss for the first six months of this year when Agfa reports its results tomorrow.

Wades has been rationalising over the past year, closing old stores and opening new ones in prime positions. The management buy-out is intended to continue this process.

One, new senior executive from outside the company is expected to join the management team.

Godfrey Davis pays £1m for Beeline units

Godfrey Davis (Holdings) has expanded its Rent-a-Unit portable buildings side by acquiring further units from Beeline Systems for £1m. The purchase, the first by the new division, adds to its UK depot network and expands coverage in London and the north of England.

Rent-a-Unit was acquired last October from D. J. Wright of Southport for £2m.

Godfrey Davis said it plans to further acquisitions, aimed at establishing a nationwide network hiring out the units, which range from toilet blocks to suites of air-conditioned offices.

Mr. David Wright, who remained at head of the division after the October takeover, said: "The Beeline deal will increase our earnings potential and the division will make a useful contribution to Godfrey Davis's future profits. Our aim is to become the largest portable buildings hire company in the UK within the next two years."

Croda buying soap maker from Dunhill for £2.75m

CHEMICAL processing group Croda International is spending £2.75m on the acquisition of Richards and Appleby, a soap manufacturer, from Alfred Dunhill, the luxury consumer products group.

The purchase is being funded by a vendor placing of £2.5m new Croda shares, issued to Dunhill but placed on its behalf by Croda's stockbrokers.

Croda already has a private label soap maker, Standard Soap, within its consumer products group. Richards and Appleby, which will retain

existing management, has net tangible assets with a book value of £1.7m and had pre-tax profits of £0.44m on sales of £4.8m the year ended March 31.

The sale by Dunhill is in line with its policy of concentrating on merchandising and marketing rather than manufacturing. It will use the proceeds to develop these activities.

In September, Croda bought 80 per cent of Kolmar, a Swiss-registered private label cosmetics manufacturer, for £3.3m. Kolmar is a supplier to Marks and Spencer.

Stone in £1.2m UK deal

By Gordon Crane

Stone International, the former Stone-Plant subsidiary, has made its first UK acquisitions since a management buy-out rescued it from the collapse of the parent group to the spring of 1982.

The two businesses taken on in a £1.2m cash deal announced yesterday are themselves in receivership. They are Danks of Netherthorn and Danks International, manufacturers of large-scale industrial rollers and pressure vessels with sites at Netherthorn and Oldbury in the Midlands.

Stone, launched on the stock market last October, intends to combine the two into a new trading company called Stone Danks, which will form part of Stone's energy systems division, where the company has been seeking to expand. Stone's primary activity is making air

conditioning equipment for railway carriages, in which it is the world leader.

Mr. Bill Silvie, Stone International's marketing director, said yesterday that Stone would continue to look for acquisitions and, although these might come from abroad, "we believe there are opportunities in the UK too."

Almon's has Stone's overall activities are U.S.-based. The company is keen to take on another electronic or light electrical business to add weight to the smallest of its three operating divisions.

Included in the purchase are the Danks businesses and the majority of their assets, of which the two manufacturing locations form part. In the year to June 30 1983, the last for which Danks published accounts, combined turnover was put at above £5m.

Hillards' shares jump 18p

THE SHARE price of Hillards, the Yorkshire-based supermarket chain, jumped 18p to 382p yesterday as persistent bid rumours were rekindled in the market.

The company, however, said it was unaware of any reasons for the rise. "There's nothing that we know of that suggests anything untoward is happening," it said. Jobbers dealing in the

company's share were said to be short of stock.

Hillards, now in its 60th year, has grown rapidly since going public in 1972. It has over 40 stores of which 28 are large supermarkets in Northern England and the Midlands. It had pre-tax profits of £8.8m on sales of £233m. Yesterday's closing price valued the company at £86m.

New Issue January 8, 1985

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Madrid

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27th December, 1984

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N M Rothschild & Sons Limited

January 1985

CARCLO INTERIM RESULTS

	Unaudited half year ended 1984	1983	Audited year ended 1984
Turnover £'000	17,645	15,579	31,314
Profit before tax £'000	1,396	1,093	2,835
Earnings per ordinary share of 25p	14.5p	10.8p	31.1p
Dividend per ordinary share of 25p	3.5p	2.6p	8.6p
Dividend cover (times)	4.1	4.2	3.8
Shareholders funds per ordinary share of 25p	184p	152p	168p

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January 8, 1985, London

By: Citibank, N.A. (CSSI Dept), Agent Bank

CITIBANK

FINANCIAL TIMES SURVEY

Tuesday January 8, 1985

Air cargo is now one of the major growth areas of world civil aviation. Airlines increasingly recognise the contribution it can make to revenues, while shippers are also benefiting from the improved services being offered.

Hard task to control rates

THE RECOVERY in world air transport now occurring as the recovery in the economy of the cargo side of the industry as well as the passenger sector. Most major airlines are reporting significant growth in both areas which is being stimulated both by the economic recovery and their own strenuous efforts to reduce costs and improve revenues. It now seems likely that the final figures for 1984 will show a substantial gain over those for 1983.

By Michael Donne
Aerospace Correspondent

However, the expansion is being accompanied by fierce competition in cargo rates, which in some cases is forcing them down to uneconomic levels. Controlling this situation is likely to be one of the toughest tasks confronting the entire air freight industry—airlines, forwarding agents and shippers alike—in the period immediately ahead.

The International Civil Aviation Organisation, the aviation technical agency of the UN, reported that in 1983 air cargo carried by the airlines of over 150 member states amounted to some 11.8m metric tonnes, or about 4.5 per cent more than in the previous year.

This showed a significant improvement over the near-zero growth rate recorded in the depth of the recession in 1980, and the decline of nearly 2 per cent recorded in 1981, and is indicative of the strength of the recovery that is now taking place.

An analysis of the overall pattern of air cargo growth during 1983 by the ICAO shows that

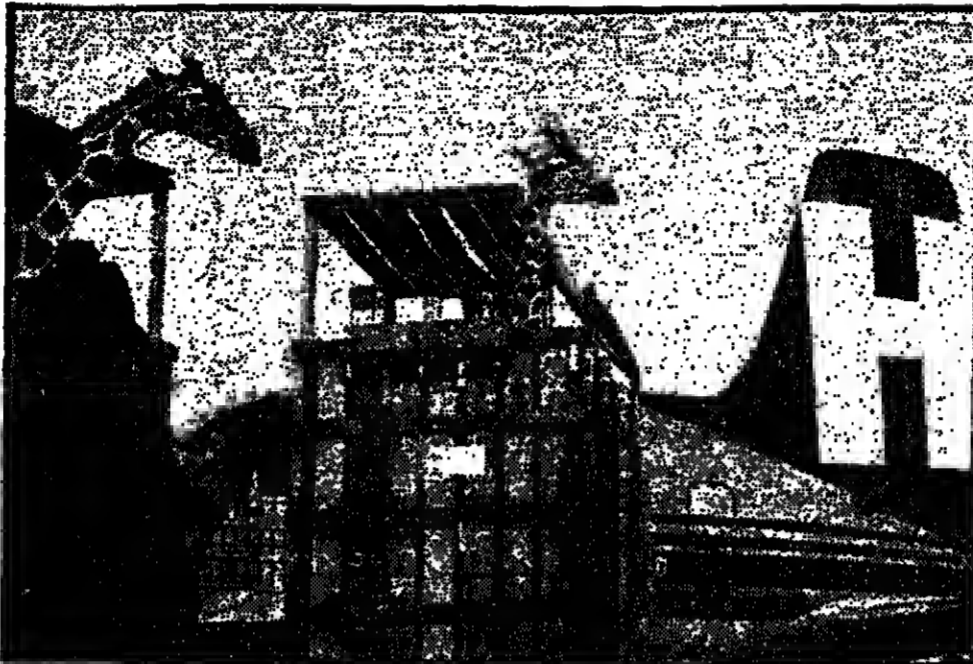
the biggest increases (in terms of international freight-tonne kilometres) were recorded by the airlines of Western Europe, Asia and in the Pacific Basin (13 per cent each), followed by those of Africa and the Middle East (10 per cent) and North America (4 per cent). The airlines of Latin America and the Caribbean experienced a decrease of 5 per cent, reflecting the depressed economies of many of those countries.

Statistics emerging from various regions of the world for 1984 confirm that the recovery is strengthening. In the UK alone, the British Airports Authority has reported that during September there was a 31.5 per cent overall growth compared with a year earlier in cargo handled at its airports, with Heathrow, Gatwick, Glasgow and Aberdeen all showing increases.

All major markets saw increases, with the fastest growth being in westbound North Atlantic traffic as a result of the strong dollar and the sustained expansion of the U.S. economy.

For the 12 months to the end of September, the overall volume of cargo handled at the BAA's airports amounted to 719,600 metric tonnes, or 18.4 per cent up on the same period in 1983.

AIR CARGO



Two of 21 young giraffes, captured in Kenya, during their 8,500 mile journey on a heavy-lift freighter to New York on route to a Florida zoo

months to September 1983.

On the North Atlantic air route between North America and Western Europe as a whole, the overall volume of cargo carried in the first nine months of 1984 amounted to 820,573 metric tonnes, or 19.7 per cent more than in the comparable period of 1983.

The increase in westbound traffic was substantial at 31.0 per cent, to 467,996 metric tonnes, or 7.3 per cent to 322,577 tonnes.

Mainstay

Charter cargo services across the North Atlantic, once the mainstay of the business, had fallen to 25,722 metric tonnes, and that figure showed a rise of only 1.9 per cent on the comparable figures for the first nine months of 1983.

The BAA's figures for the year to end March last, show that out of total cargo handled at its airports of 652,140 metric tonnes, some 606,195 metric tonnes were carried

on scheduled services—again mostly passenger services—with only 42,945 metric tonnes being carried on non-scheduled (all-cargo) operations.

Air Cargo is thus not just a vital element in the civil aviation business, but also in the overall trade of any country. For the UK alone, it is estimated that the total volume of air cargo handled by all the UK's airports in 1983, of 725,900 metric tonnes, was worth over £21.5bn, representing close to 17 per cent of all the UK's overseas trade.

Heathrow alone is now the busiest port in the UK, in terms of the value of the air cargoes that it handles, accounting for some 13.1 per cent of all UK overseas trade, and some 77 per cent of all UK airborne trade, worth about £16.6bn.

In the UK, however, the recovery in air cargo still has some way to go, since last year's total figure of close to 726,000 tonnes handled was still short of the peak year total of about 787,000 tonnes recorded in 1979.

Moreover, the UK is still behind some Continental countries in the overall volume of airborne trade it handles, and considerable efforts are being made to rectify this situation, especially by the BAA.

Several factors are contributing to the overall world improvement. The most significant is the improving world economic situation itself, although it must also be stressed that even in the depths of the recession air cargo remained buoyant on some major world air routes while in some regions, such as South-East Asia and the Far East it was especially so.

Another factor has been the increased awareness by many big airlines of the major contribution to their revenues that cargo can make. Before the recession, many carriers tended either to ignore cargo, or did not realise its potential and relegated cargo operations to a minor status.

The desperate search for every conceivable means of sur-

vival during the economic holocaust that hit the airline industry focused renewed management attention on freight, with the result that an hitherto largely untapped source of revenue began to be more vigorously exploited, and continues to be so. Few airlines, if any, will ever again make the mistake of ignoring the golden goose that lay slumbering on their doorsteps and some have become formidable cargo operators.

But probably the most significant reason for the growth in air cargo in recent years has been the changing pattern of air transport itself—the increasing use of wide-bodied passenger jet airliners with spacious bellyholds into which substantial volumes of cargo can be carried in containerised form at very low rates, the business often being heavily subsidised by the fare-paying passengers travelling to the cabins above.

With more than 1,000 wide-bodied jet airliners (Boeing 747 Jumbos, McDonnell Douglas DC-10s, Lockheed TriStars and Airbus A-300s and A-310s, and semi-wide-bodied jets such as Boeing 767s) now in service on medium to long-haul routes worldwide, virtually every major city in the world is either served directly by a wide-bodied jet operation in some form or another, or is close to another major city that has such services.

The result is that commodities that can be containerised for convenient shipment in the holds of wide-bodied jets can be carried across the world in little more than 24 hours, and frequently in much less time at very low rates.

This has revolutionised the air cargo business. It must be stressed, however, that the items carried still tend to be those that are of comparatively low weight and bulk with comparatively high value, making them suitable for containerisation, although specialty products, such as perishable foods and luxuries, and even flowers, also figure strongly in the list of air cargo products.

Bulky items, such as machinery, still are the province of the specialist all-cargo

Leading European cargo airports

Cargo (tonnes)	Per cent change on 1982
Frankfurt	649,200 + 7.5
Paris (Charles de Gaulle)	497,900 + 6.3
Heathrow	469,700 + 7.0
Amsterdam	370,400 + 16.9
Zurich	178,800 + 7.0
Paris Orly	164,300 + 5.7
Rome (Fiumicino)	161,900 + 10.1
Madrid	153,900 + 0.8
Copenhagen	141,500 + 1.8
Brussels	129,700 - 17.6
Gatwick	108,600 - 8.8

Source: British Airports Authority.

aircraft, of which many remain in service, but the great proportion of all air cargo traffic is now carried in the holds of passenger aircraft.

But the expansion in traffic is not without its problems. As with passenger fares, the cargo rating structure throughout the world airline industry has been, and is still, under considerable pressure. Reductions in rates in recent months on many routes to bids to stimulate business have undermined established tariff formulae.

In some parts of the world, as with passenger fares, IATA—agreed cargo rating structures are jeopardised by some airlines, with the tacit approval of their governments, which undercut the competition with the result that cargo is often carried, along with passengers, at uneconomic levels.

Long term

While this may appear immediately attractive to some airlines, shippers and agents, most of them it is a matter of concern, for the long-term future stability and orderly expansion of the air cargo industry depends upon the maintenance of a stable, albeit competitive, rating structure, worldwide.

It is possible that if this situation continues, a time may come for a shake-out of the world air cargo business in which some of the financially weaker, or less-experienced participants may not survive.

The growing diversity of air cargoes, and the speed with which they can be shipped from producer to ultimate consumer, is also changing consumer habits in many countries.

When no single point on Earth is more than a day or so away from any other by air—

with journeys in most cases only a few hours—it is not surprising that many of those beautiful bouquets of flowers seen in London hotels and restaurants were shipped only the day before from as far afield as Colombia, while exotic fruits, wines and other items are coming to the UK speedily from as far afield as Australia, South Africa and California, challenging both in quality and price many existing suppliers closer to home.

It is this speed of shipment (coupled with the low rates that can be offered because the cargoes can be to some extent subsidised by the passenger revenues earned by the aircraft concerned) that is attracting many new shippers to air transport.

The consequent growing need to advise producers of what is available in the air cargo business, and to find the cheapest and speediest methods of shipment, has generated an increasing demand for the expert services of the freight forwarders, the agents who can not only take the whole problem of shipment off the producers' back, undertaking collection, containerisation and delivery, but also maintain a constant watch on the market, and seek out the best prices for their clients.

Freight forwarders have always been a vital element in the air cargo business, but they are now becoming an even more significant factor as the recovery strengthens and the air cargo war intensifies.

Another comparatively recent development in the air cargo market, but which is now probably the fastest-growing sector of the entire air cargo field, is the emergence of the courier services. These specialists handle time-sensitive items such as contract tender documents, cheques, bills, credit card slips, and valuable items such as bullion. They offer a high-speed, high-security operation at highly competitive rates.

These services make use not only of the cargo holds of passenger aircraft but also the passenger cabins themselves, despatching couriers who personally escort valuable items across the globe.

The unreliability of conventional postal services in many countries has been a particular factor encouraging the development of courier services but their growing success is probably due more to the very high

CONTINUED ON PAGE 2

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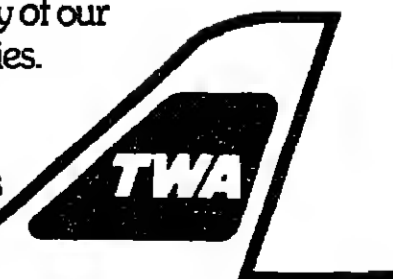
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Improvements bring results

Heathrow

PETER HERING

FIFTEEN YEARS have elapsed since Heathrow Airport's cargo centre—sometimes referred to as the "cargo village"—was established. It lies at the extreme west of the central passenger area to which it is connected by an underground tunnel. Only vehicles carrying freight unloaded from, or to be loaded on to, passenger aircraft are allowed to use the tunnel (apart from Railair buses and official vehicles).

Before the centre was built, airline sheds and warehouses for the handling and storage of import and export cargo were scattered about the airfield and there was little, if any, office or warehouse accommodation for air forwarders.

The new centre changed all that. Airlines were offered sites on which to build their own sheds and offices to meet their requirements and were granted 50-year leases by the British Airports Authority. A separate two-storey building, combining individual office and warehouse accommodation under one roof, was provided for the forwarders, while an adjacent building was erected to house Customs and Excise staff.

Two years later, in 1971, a computerised system for the clearance by Customs of imports was introduced. Called LACES (London Airport Cargo Electronic Data Processing System), it was the first such system to be installed at any airport in the world.

It had its limitations. Its use was restricted to imports and it could be used only within the confines of the airport and only by airlines and forwarders with visual display units (VDUs) on their premises. Nevertheless, it was responsible, more than any other factor for speeding up (minutes instead of hours) the clearance of imports by Customs.

The system was also responsible for creating a much greater sense of mutual trust and co-operation between the airport Customs authorities and the airlines and forwarders than had existed in earlier days.

LACES served its purpose well and by the time it came to the end of its ten years of service many modifications had been made to the system. Progressively, these had paved the way for the introduction, towards the end of 1981, of LACES successor—ACPSO (Air Cargo Processing for the 80s), regarded as the most sophis-

ticated computerised cargo system in the world. Both LACES and ACPSO were developed jointly by a steering committee comprising representatives of the airlines, the forwarders, Customs officials and the National Data Processing Service of the Post Office (now British Telecom). The system is housed at Harmondsworth, close to Heathrow and operated by the NDPS.

It is linked with the Customs Departmental Entry System (DEPS) on the same ACPSO computers and although both systems are separate, they are able to exchange information instantaneously.

There are currently 410 users of ACPSO, which functions on a year, while DEPS which is the Customs link and also processes imports at most of the major sea ports, handles nearly 9m transactions each year.

ACPSO interfaces with the in-house computer systems of several major airlines as far apart as Amsterdam and Los Angeles. It provides a wide range of inventory control for imports and maintains a communal file to hold routing, package and limited Customs entry data for all consignments.

Tax

About 80 per cent of all import consignments are cleared by Customs within about four hours of arrival. The computer calculates any tax or duty payable and advises the forwarder whether Customs will clear the shipment without inspection of documents and the consignments; whether they wish to inspect documents, or whether they wish to inspect the consignment itself before giving clearance.

Facilities similar to those catering for imports are available through the ACPSO Bureau for exports. They provide a comprehensive range of functions for inventory control and the build-up and control of flights. Provision also exists for

Visible trade through UK airports and seaports—1983 (By value)

Airports	Value £m	Exports	Imports	Total	% of total Through all airports ports
Heathrow	8,067.4	8,514.8	16,582.2	77.1	13.1
Gatwick	2,782.2	680.1	1,408.3	6.5	1.1
Manchester	347.9	432.5	780.4	3.6	0.6
Glasgow	167.9	230.6	397.6	1.8	0.3
Prestwick	101.5	238.9	340.5	1.6	0.3
Stansted	215.7	60.9	276.6	1.2	0.2
Belfast	57.4	44.4	101.8	0.5	—
Birmingham	13.3	87.5	100.8	0.5	—
Southend	16.8	43.3	60.1	0.3	—
All other airports	731.5	741.2	1,472.7	6.8	1.2
Total all airports	10,446.8	11,074.2	21,521.8	100.0	16.8
% change on 1982	13.8	26.1	19.8		

Top 10 ports	Exports	Imports	Total	% of total
Heathrow	8,067.4	8,514.8	16,582.2	13.1
Port of Dover	6,862.8	8,490.3	15,353.1	12.1
Port of Felixstowe	5,052.6	6,254.3	11,307.4	9.1
Port of Southampton	3,297.6	4,745.2	8,042.8	6.7
Port of London	3,138.2	5,123.5	8,261.7	6.7
Port of Liverpool	1,996.1	2,925.9	4,922.0	4.5
Port of Harwich	1,506.6	3,327.2	4,833.8	4.5
Port of Liverpool	1,841.7	1,637.3	3,479.0	3.4
Port of Middlesbrough	1,604.9	1,890.0	3,494.9	3.4
Others	20,612.8	23,243.8	43,856.6	34.7
Total	68,533.7	65,993.1	134,526.8	100.0
% change on 1982	9.0	15.9	12.5	

SOURCE: HM Customs and Excise.

a forwarder to request reservation for space on a flight which, if accepted by the airline, automatically blocks off space on that flight.

These are only some of the functions which the ACPSO system is able to provide. There are many more, and by the time it is due for replacement in 1991 there is little doubt that the additional facilities which will be available at the touch of a button will enable it to keep the lead it already holds over any other similar system which may be introduced at other world airports by then.

For example, research is already in progress which will lead to the standardisation of messages across the system so that international airlines in any part of the world having their own in-house systems will have a common processing front.

On the export front NDPS is looking to extend the existing facilities to minimise the amount of keying and transmission of information which is currently handwritten on various documents, and move instead towards an automated area of processing.

Apart from ACPSO, many major improvements and additions have been made in the facilities provided for the benefit of cargo handling at Heathrow since the centre

opened for business.

One of the most important was the establishment six years ago of the Heathrow Forwarders Bond (HEFB) operated by eight of the leading forwarders. Under this arrangement a transit shed was provided solely for the processing and Customs clearance of import consolidations and transshipments, and was the first attempt to attract back from airports in Europe transshipment traffic that had progressively been won from Heathrow.

So successful has the Bond proved that in October the system moved into larger premises providing more than 50,000 sq ft of warehouse space, double the number of pallet holding positions, as well as roller beds built into the floors. At the present time some 2,000 tons of cargo each month is processed through the Bond, but with the additional floor area now available the eight forwarders forecast an increase of 50 per cent during the next 12 months.

In addition to the Forwarders Bond, there are several other bonded sheds located either on or close to the airport which are operated by individual or groups of forwarders, and the ultimate plan is for much more accommodation to be made available for both airlines and forwarders.

Survivors find new business

Specialist operators

PETER HERING

PROBABLY ONE of the most dramatic examples of the changes in the air cargo industry in recent years is the disappearance of a number of UK charter operators, and the changing role in the operations by those who have survived.

Ten years ago there were 20 carriers licensed by the UK Civil Aviation Authority operating exclusively as cargo charter airlines. Admittedly, some had maybe only one aircraft—probably on lease—but all were specialist cargo-carrying businesses.

Today, only three have survived. This year they were joined by a newcomer—ironically a casualty from the original 20, trying his hand for a second time with the launch of Anglo Airlines.

Each of the original three has the backing of a public company, while none of those which have gone to the wall boasted such a "luxury" to fall back on. Those with this type of backing are Heavylift Cargo Airlines, two-thirds owned by Transair (totally owned by Lohr); and Air Bridge Carriers (a member of the Hunting Group).

Tradewinds is based at Gatwick, where it started life as Transglaze Airways in the early 1960s. It operated passenger and cargo charters before becoming a cargo carrier under its present name and new owners.

Last year it won rights from the CAA to operate as a scheduled airline to 21 locations while continuing its charter role. It has started scheduled services only to Chicago and Toronto—both with considerable success—and Khartoum.

The CAA is also to hear the airline's application for scheduled services to Nigeria, which has been closed to cargo charter flights since the present government came to power.

Tradewinds operates three 707 freighters, two of which it owns, the third on lease from a U.S. finance house. Principal routes include many Third World countries.

Further destinations in the U.S., possibly Atlanta, are very much in mind at the moment. Heavylift Cargo Airlines has been almost unscathed by the changes that have forced surviving charter operators to rethink their roles.

Cumard subsidiary Trafalgar

Huse took over Transmeridian Air Cargo from its founder, Mr Mike Keegan, in 1977 and changed its name to Heavylift. A decision was taken to turn the airline into a specialist operator catering exclusively for outside cargo and loads with difficult handling problems.

This was done by acquiring and converting five Belfast operator catering exclusively for outside cargo and loads with difficult handling problems.

Since then, Heavylift has put two further Belfasts into service and built an impressive inventory of shipments for the construction, aircraft and oil industries as well as defence departments of several countries.

Almost 70 per cent of traffic is generated from overseas customers, mostly through sales offices in the U.S. and Singapore. In 1983, Heavylift will be putting a further Belfast into service with an increased payload of between 37 and 38 tons compared with 34 tons of those in service.

The other survivor, Air Bridge Carriers of East Midlands Airport, is equipped with a fleet of four Merchantman aircraft, two Argosy and one Herald. ABC specialises in carrying bloodstock and livestock for which the Merchantman is ideal.

It also undertakes a variety of charter work, mainly on short routes, which is neither particularly attractive nor economic to other operators.

The newcomer, Anglo Airlines, which started operating in 1984 with a 707 freighter, appears to be encountering little difficulty in getting maximum utilisation from its aircraft. It has undertaken an increasing number of ad hoc flights to the Middle East, Asia, Africa and the Far East. Traffic includes fresh produce to the Middle East and avionics equipment between Europe and Asia.

Peter Hering is International correspondent of Air Cargo World, U.S.A.

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Operating costs have risen in a long-static market

Pressure to raise efficiency

AIR FREIGHT forwarders continue to be one of the mainstays of the air cargo business, through their work as agents forwarding freight to the airlines of the world.

Nevertheless, pressures are building up in the air cargo market and among air freight forwarders that could lead to changes in the ranks of the forwarding companies and to the way some of the airlines do their business in air cargo.

The main change in recent years among the airlines and the air freight forwarding companies has been the movement towards greater efficiency as operating costs have risen in markets that have been static or with little growth until last year.

British Airways, not the largest air cargo carrier among world airlines, but still sizeable with 229,000 tonnes carried in the year to the end of March, illustrates what has been happening. The airline increased its business in air freight in terms of freight-tonne kilometres, but it did so with fewer staff and with less capacity for air cargo.

Lufthansa, one of the world's market leaders in air cargo, increased its tonne kilometres by 21 per cent, its tonnage carried by 16 per cent and its turnover from air freight by 13 per cent to U.S.\$700m last year. This was against a background where worldwide air cargo volume in tonne-kilometres sold rose by 10 per cent and where tonnage rose by 5 per cent.

Lufthansa has deliberately sought to enhance the contribution made by its air cargo activities through marketing greater efficiency, through the introduction of more cargo capacity, and through better links with freight forwarders. Cargo, with air mail, represented 24 per cent of Lufthansa's total revenue last year.

The growth is set to continue. Lufthansa claimed to be number two in the world among carriers flying passengers and cargo last year, after Japan Air Lines. On the North Atlantic routes, Lufthansa claimed to be the market leader for air cargo, and is forecasting a total air cargo load of 500,000 tonnes this year, the first time the airline will have passed this mark.

Lufthansa plans to invest

Freight forwarders

LINTON MCLEAN

DM \$50m on improving and expanding cargo operations between 1985 and 1991.

These changes in the performance of world airlines that carry cargo have come partly through the return to growth in the air cargo market last year and partly through increasing efficiency and vigour in marketing air cargo.

This increased efficiency has helped to make airlines cut operating costs, through investment in automated and electronic documentation processing, and through better use of cargo capacity. These reduced costs open the way for the airlines to offer more attractive rates for shippers, or to their freight forwarding agents, or to maintain rates and increase the yield from cargo operations.

Whatever methods are chosen by the airlines to capitalise on this growing efficiency in air cargo operations, there is likely to be an impact on the parties involved in the handling and processing of air cargo.

Rely

Airlines have relied traditionally on the air freight forwarder for as much as 95 per cent of the turnover of their cargo business. This is the approximate proportion of the air freight business of British

Airways and Lufthansa, for example, that is handled by the freight forwarding industry.

The basic work of the freight forwarder is likely to continue, but the rising efficiencies among airlines and the larger forwarders is also likely to put pressure on the smaller, less resilient forwarder.

Among the major world airlines, Lufthansa is perhaps the biggest that has publicly placed so much emphasis on the continued need for a close relationship between the air freight forwarder and the airline.

The airline is firmly committed to the freight forwarding industry as an essential partner in air cargo operations. One of the airline's guiding principles on Lufthansa's freight policy," formulated by the airline's executive board last year, says that for Lufthansa, "close co-operation with International Air Transport Association forwarders is indispensable."

To underline its policy of supporting forwarding agents, Lufthansa proposed at an IATA conference that commission for the forwarders should be increased. The conference refused to accept the Lufthansa proposal and the airline decided to introduce the higher commissions unilaterally, although only on its home market in West Germany.

The airline increased its commission to the forwarders to 5.5 per cent from October 1 and proposes to increase it to 6 per cent in October 1985.

Lufthansa clearly stands to benefit from this increase in commission rates paid to for-

warders. A secondary effect is likely to be to enhance the role of the freight forwarder in West Germany.

Elsewhere, air freight forwarders are facing twin pressures, from those airlines which are getting more of their air freight business direct from shippers, and pressure from within the air freight forwarding industry as the larger companies grow at the expense of the smaller ones.

There are an estimated 400 air freight forwarders operating in Britain. These agents depend on the price and the quality of their services to win business. In terms of price, the freight forwarders often have a direct advantage over airlines which try to win cargo business direct.

This advantage arises from the ability of the air freight forwarders to consolidate cargo loads from different shippers and to offer attractive rates per kilogramme based on the larger volumes of consolidated cargo they send to airlines.

Competition is fierce among the forwarders, especially on price and the type of service each company offers. Cargo rates offered by freight forwarders are often pared to the bone and some of the larger companies claim that some of their smaller competitors must be losing money because of the low rates they charge.

These claims are difficult to substantiate in specific instances, but it is likely that only the most efficient air freight forwarders will be able to continue as competitors for the remaining air cargo market continues.

Task to control rates

CONTINUED FROM PAGE 1

reliability and integrity that they have demonstrated, together with their highly flexible modes of operation.

Coupled with these developments is an increasing use of advanced information technology. Probably the best example is the UK's National Data Processing Service's ACPSO air cargo processing

system, now in use at London's Heathrow and Gatwick airports, and at Manchester, with implementation of it planned for Birmingham for early 1985.

But it must be stressed that this kind of sophistication in air cargo operations, while undeniably growing, is still confined in a comparatively small proportion of all the world's airlines and airports. Many such airlines, especially in the poorer developing countries, have not yet reached the stage

where they can afford such refinements as computers and still handle cargo with rudimentary equipment and antiquated administrative procedures.

At the same time, many so-called airports throughout the world are but shadows, by comparison with the masters of steel and glass seen in the developed countries, and cargo facilities are either non-existent or poor quality, and Customs arrangements often leave much to be desired.

Air Cargo 4

The many facilities at Gatwick and Heathrow have a strong influence on freight growth in the regions, as FT correspondents report

Market position improves

The North
NICK GARNETT

AIRPORTS IN the North of England have been battling against a steep decline in the tonnage of air cargo they handle but two of them—Manchester and Leeds/Bradford—are putting themselves in a better market position.

Manchester International Airport claims to be the third most important air cargo handler behind Heathrow and Gatwick, though throughput has fallen from 46,000 tonnes a decade ago to just under 28,000 in 1983.

Manchester, along with other provincial airports has had to contend with the increasing trend among freight forwarders towards consolidating freight in order to save money, a move which favours the South East airports. This means that a great deal of cargo delivered to Manchester is still sent down to Gatwick and Heathrow by truck.

Boost

The fall in airfreight is being reversed at Manchester however. More than 13,000 tonnes were handled in the first six months of 1984 (up 18 per cent on the same period in 1983) and Mr Vincent Berry, the airport's cargo adviser, is expecting an end of year outturn of about 31,000 tonnes, about 12 per cent up on 1983.

The airport's handling will receive a significant boost, too, from its new £7m cargo terminal, scheduled for completion in September 1985. The new purpose-built cargo complex will provide 150,000 sq ft of bonded warehouse space which will be split between Servisair, British Airways, Aer Lingus and a consortium of seven freight forwarders. The first three companies currently share 110,000 sq ft.

This development follows more than a decade when various cargo expansion plans were shelved for one reason or another.

Mr Berry, who was the first full-time cargo specialist to be appointed by the airports authority when he started his job two years ago, says an extension to the new terminal could be in the pipeline depending on requirements.

CAA licensing, whereby some airlines have been forced to give up other routes in order to begin services to and from Manchester, has been a thorn in the airport's side, hitting cargo handling as well as passenger flights.

Manchester, though, is beginning to attract cargo from London, says Mr Berry. The airport hopes this will cut the amount of cargo deposited at the airport and then simply trucked south. Manchester has been delighted too by the response to Arrow Air's weekend New York freighter.

Leeds/Bradford's cargo peak came 16 years ago when 2,300 tonnes went through the airport at Yeadon, but it had fallen dramatically to just 287 tonnes in 1981. The airport handled 330 tonnes in 1983.

A £1m development incorporating a new freight building was completed in 1983 but Leeds/Bradford's cargo throughput will only be significantly improved when other developments, including a runway extension are ready for use.

One of the principal reasons for the slide in freight handling—and the stunting of passenger growth—is the reduced availability of aircraft capable of using the short runway. Very few freight-only flights use Leeds/Bradford.

Newcastle Airport is much bigger in cargo terms than Leeds/Bradford, handling 3,800 tonnes in 1983 compared with 3,750 in 1979.

The airport has not been affected by recession as much as outsiders might think, partly because the shape and size of many of the manufactured goods produced in the North East have never made them suitable for air freight.

Cargo movements have been picking up at Newcastle, however, and the airport is hoping to tap further into the growth of light industries in the region, in particular electronics.

Big rise in volume

The Midlands
ARTHUR SMITH

6,000 sq ft freight building considered necessary to handle the projected growth in cargo.

The amount of cargo arriving and departing by air from Birmingham climbed from 2,210 tonnes in 1982 to 3,238 tonnes last year. But there is also an important increase in freight transported by road from Heathrow for forwarding elsewhere. Birmingham handled more than 7,400 tonnes in 1984 an increase of more than 5 per cent on 1983, but growth at 11 per cent on 1982 has been even stronger in the first half of 1984.

West Midlands County Council as owners of the airport was particularly pleased that a 12-acre site adjacent to the old terminal building has been chosen as a freeport, one of the first handful of duty-free zones designated by the government. The first phase of what will be a private sector venture is due to start early next year.

Mr Eric Dyer, East Midlands Airport's director, says the emphasis is on expansion: "We can honestly say that in

the 20 years we have been operating, there has not been a day when builders have not been at work somewhere on site."

Over the past eight years some nine acres have been developed for cargo use and another phase is about to start which will take up another six to seven acres over the next two to three years.

A new 40,000 sq ft terminal shed was opened recently and plans are now under consideration for a specialist cargo apron which would offer advantages over the present system where freight and passenger activities mixed.

Recession might not have been as severe in the East Midlands as in other parts of the region, but the growth in cargo traffic has been remarkable. Mr Dyer points not only to the expansion of mail and overnight parcel services, but also to increased business that derives from the airport's strategic location and good road links.

The airport, a joint venture between the county councils of Nottingham, Leicester and Derby, plus Nottingham City Council, has proved profitable in the last financial year an operating profit of some £2m meant that after interest and other charges local ratepayers enjoyed a contribution to funds of around £2m.

A \$4bn world business

Air couriers
MICHAEL DONNE

PROBABLY THE single fastest-growing element of world aviation today is the use of air courier services for the despatch of time-sensitive and other items of high commercial or intrinsic value but low weight.

It is estimated that, in the UK alone, the ending of the UK Post Office's monopoly on the despatch of letters in 1981 (as a result of the Telecommunications Act), the volume of the existing air couriers' business has more than doubled, and that this rate of growth is likely to be maintained for the immediate future.

This change in the couriers' business over recent years has been remarkable. From being a Cinderella of the air transport business in the early 1970s, it is now a vital element in business thinking. One estimate is that the value of business now conducted by the air courier organisations worldwide amounts to more than \$4bn annually. While much of this is in the U.S., where such services have been established for some time, it is estimated that in the UK alone the annual turnover is now approaching £100m, and is still growing at a rate in excess of 25 per cent a year.

The major organisations in the UK—DHL, TNT and IML, all of whom operate globally—are expanding, and the levels of service and reliability are increasing, as airlines, customs and airport authorities, security personnel, and the commercial companies who make up the bulk of the client base, become aware of the facilities available.

Educating the business user as to the scope of courier services is becoming a major element in the expansion of the system. What is the "air courier" business? At its simplest, it is a system of using air as a sensitive material—cheques, credit-card slips, contract tenders, legal documents and other lightweight items—speedily world-wide, accompanied by on-board couriers who are responsible for the safe transfer of the material in their charge.

The courier organisations collect the shipments from customers, convey them to the airports, transport them accompanied to destination and hand them over to other representatives of the same organisation who are responsible for final delivery to destination. Door-to-door and even person-to-person delivery is an essential element of the business where the quality of services offered, especially reliability and security, are vital to success.

Many airlines themselves have recognised the value of these courier services and some have even tried to develop their own, with varying degrees of success. British Airways, for example, recently launched a new door-to-door delivery service to take small parcels and documents from anywhere in Britain to any address anywhere in the U.S. within 72 hours, at a price per kilo of £48. A 10-kilo package would cost £480.

The courier services acknowledge this kind of competition but believe their own systems can beat it. Frequently, the courier organisations have more highly-developed infrastructure systems than the airlines (such as ground collection and delivery operations), and many airlines use the existing courier systems in conjunction with their own operations to offer a total person-to-person service. At some airports, too, such as Heathrow, there are now special "courier" areas, where couriers and their accompanying consignments can be cleared through Customs separately from the normal passenger complements of jet airliners, speeding the flow of documents and packages. This developing specialist ground infrastructure is vital to the continued smooth and rapid expansion of the courier business.

So far, the courier business has been substantially built on the swift and reasonable price conveyance of low-weight, time-sensitive matter, such as documents, and this business still comprises more than 60 per cent of overall turnover. Increasingly, however, other

items have crept into the business—small spares, for example, for the automotive industry, and other items of comparatively low weight, such as commercial samples, pharmaceuticals and other products, which can be conveyed faster and cheaper than by normal air freight.

Increasingly, however, the courier business is also moving into the small package and parcel business, although so far in the UK this has not reached the same proportion as in the U.S., where organisations such as United Parcel Services, Emery Freight and Federal Express have built substantial businesses around the transport of small parcels nationwide, even to the extent of owning their own fleets of aircraft.

In the UK, while the courier companies use the normal air freight channels for some of their business, they do not see themselves as direct competitors to the freight forwarders. The couriers remain primarily interested in the swift conveyance of an increasingly wide range of low-weight items of considerable time-sensitivity, although they are major users of air cargo when necessary, while the freight forwarders are primarily concerned with shipments that can be containerised and shipped accompanied as belly-hold cargo.

Inevitably, there is an overlap, however, especially in the small package business. Also, some freight forwarders have moved into the courier business, either as a defensive backstop to their existing customers, or to develop new markets.

Spectrum

At the same time, some courier organisations have moved more extensively into the small package business, and continue to do so. What matters is that there is still room for both the specialist air couriers and the freight forwarders in the increasingly highly complex business of serving the customer across the entire spectrum of air cargo.

This is especially so as the range of commodities serviced increases. Traditionally, banks and lawyers have formed the backbone of the courier business.

In recent years, the credit-card companies have also become significant users of the system, while the oil industry, architects, consulting engineers, automotive suppliers, pharmaceutical companies and others have also moved in. Wherever shipments are small—perhaps no more than 10 kilos—the use of a courier is often faster and less costly than traditional air freight transport methods.

While price is undeniably a major factor in winning business, and competition is keen, it appears to be matched by the basic demand for consistent high-speed, reliable service, and maintenance of a code of professional etiquette is vital to the established companies.

One question that is often asked nowadays of courier companies is: "How long can you last before your data falls in a similar transmission or documents removes the necessity for your services?" The answer must be that there will always be a demand for the physical transport of documents, for legal as well as other reasons. Courier companies can argue fairly that it was once claimed that the growth of electronic communications would either diminish or put an end to postal services, in the same way that it is now claimed that "teleconferencing" will eventually put an end to business air travel.

London sets the pace

Wales and the West
ROBIN REEVES

TWO YEARS ago, Cardiff and Bristol were looking forward to an upsurge in air cargo business as industry emerged from the recession. An increasing number of companies seemed likely to turn to their local airports to handle their air freight requirements as the reputation of the main centres, Heathrow and Gatwick, for hold-ups and delays spread.

But today the outlook is less clear. The introduction of the ACP 80 computerised air cargo handling system at Heathrow and Gatwick, together with other changes, has produced a sharp improvement in the operating efficiency of both centres.

In addition, the limited number of scheduled services from Cardiff and Bristol, using mainly small aircraft, means that neither airport is in a position to compete easily with the specialist air freight services involving container consolidation of cargoes for specific destinations from Heathrow and Gatwick.

In the first nine months of 1984, Bristol's Lutetia airport handled 2,145 tonnes of air cargo, an increase of 5.1 per cent over the same period last year. Cardiff handled twice as much—4,230 tonnes—but this total was significantly down on the same period a year ago. At the same time the main bulk of these cargoes left or arrived at Cardiff and Bristol, not by air, but by truck. The Civil Aviation Authority

licensing arrangements allow carriers to run a parallel freight trucking service between scheduled flight destinations in order to carry, so to speak, excess baggage.

Dan-Air, the principal scheduled airline at both airports, has used its licence to run a regular air freight trucking service to and from Amsterdam where it plugs into KLM's worldwide freight handling network. There is also a regular nightly service to and from Heathrow, linking with Dan Air operational base at Gatwick.

Mr Stuart Dowdell, Dan-Air's Cardiff freight manager, is optimistic that Cardiff's freight business faces a bright future, not least because Dan-Air, since it is also getting the revenue from actually carrying the freight, can quote very competitively against independent air cargo agents using Heathrow and Gatwick.

Ms Annette Palmer, Bristol's freight manager, also sees a bright future for the airport's freight services. Although Heathrow might have improved, she says that so-called "up" leading to big delays while things are sorted out, still occur. Regional airports like Bristol and Cardiff, on the other hand, offer a personal service and speedier customer clearance for users.

Indeed, Bristol has plans to develop a freight village. Planning permission to build a 40,000 sq ft office and warehouse complex, to bring together agents who are presently scattered around the terminal building, in portable accommodation, and at Avonmouth, has already been granted. The airport is now seeking funds for its development.

Given the provision of an ACP 80 terminal—which could be shared by all Bristol's agents—Ms Palmer sees no reason why the airport should not continue to compete. Cardiff is undertaking a wide-ranging review of the airport's structure and operations. Mr Ian Cran, the airport director, says that it remains to be seen whether they should be allocating more investment towards air freight handling facilities rather than passenger services which are growing rapidly.

In the last financial year, passenger growth at Cardiff was 15 per cent, up from 12 per cent in 1982. One of the higher rates of growth amongst provincial airports. Existing freight facilities at Cardiff were adequate and it could be suggested, that national trends and, in particular, a growth in door-to-door deliveries via Heathrow and Gatwick, would be to the detriment of regional airport traffic.

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More high-tech users

Scotland
MARK MEREDITH

THE NUMBER of air freight users in Scotland is growing in the form of high technology companies, many of them U.S. and Japanese multinationals which have set up a Scottish base to sell to the Common Market countries.

The electronics industry employs about 40,000 people and has done much to replace the country's declining heavy industries. Air freight has also proved important in supplying vital equipment to the North Sea oil industry much of which is serviced from Aberdeen in the north-east.

Air cargo traffic in Scotland has not shown the same degree of revival experienced in the South. But after a 2.9 per cent drop to 31,000 tonnes in the past financial year, there have been signs of improvement.

The July figure of 3,100 tonnes was a 40 per cent improvement for the Scottish division compared with the previous year. A rolling annual figure from last July shows a 3.6 per cent improvement in cargo handled.

Any real improvements are likely to await the current Department of Transport review of the three Scottish lowland airports, Prestwick, Glasgow and Edinburgh. Aberdeen is the other member of the British Airports Authority administered airports in Scotland.

The review is designed to give some long term guidance for

the use in particular of Prestwick Airport in Ayrshire which has long been designated the transatlantic gateway for Scotland.

Some airlines and pressure groups want international flights based at Glasgow although local pressure groups and members of parliament in Ayrshire continue to fight doggedly for support of Prestwick which is the least used of the seven BAA airports.

Among the 1,000 submissions to the Department of Transport review will be proposals to centralise all international Scottish air cargo moving in exchange for the transfer of transatlantic passenger traffic to Glasgow.

Prestwick with 9,000 tonnes of cargo in the August 1983 to August 1984 period still represents a 16.1 per cent increase in cargo traffic compared with last July's figure with July 1983. For the year, 14,300 tonnes were carried through Glasgow, which on a yearly basis is a 26.2 per cent improvement.

Edinburgh recorded 800 tonnes in the year to July, a 4.1 per cent increase, and Aberdeen handled 8,100 tonnes in the year to July, 3.9 per cent more.

on London and the South-East and not enough on Scotland.

There are signs that this has been reversed at Glasgow, especially now that Prestwick has been designated one of the new Freeports in Britain, with a substantial area of the airport being set aside for this use.

But few airlines and cargo shippers seem likely to make use of the opportunities offered by a Freeport at Prestwick until the overall long-term future of the airport is secure—and this is one of the cardinal decisions awaited from the Government's anticipated policy statement on Lowlands airports development.

Only two passenger airlines, Air Canada and North West Orient, use Prestwick and both also send air cargo with passenger flights. Other air cargo users along with Flying Tiger are Air France with one flight per week, and Lufthansa with a weekly flight.

Glasgow Airport, about an hour's drive from Prestwick, has shown a 25 per cent increase in cargo traffic compared with last July's figure with July 1983. For the year, 14,300 tonnes were carried through Glasgow, which on a yearly basis is a 26.2 per cent improvement.

Edinburgh recorded 800 tonnes in the year to July, a 4.1 per cent increase, and Aberdeen handled 8,100 tonnes in the year to July, 3.9 per cent more.

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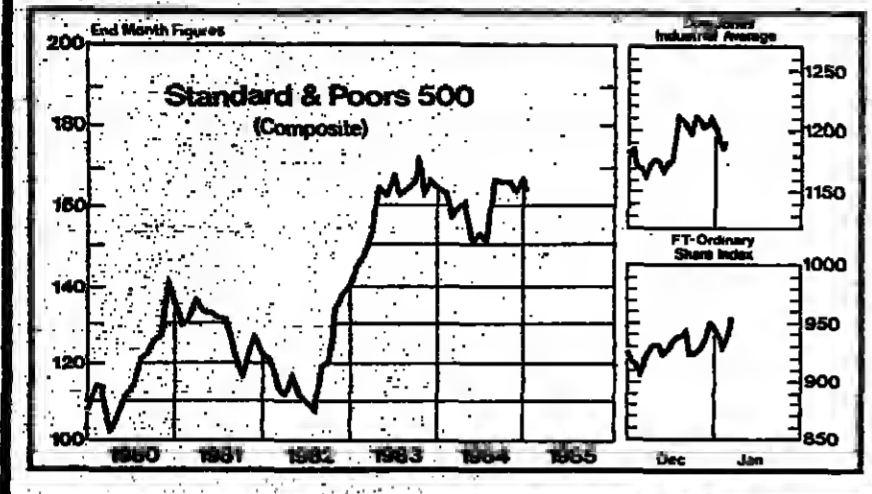
SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday January 8 1985

NEW YORK STOCK EXCHANGE 25-27
AMERICAN STOCK EXCHANGE 27-28
U.S. OVER-THE-COUNTER 28, 36
WORLD STOCK MARKETS 29
LONDON STOCK EXCHANGE 29-31
UNIT TRUSTS 32-33
COMMODITIES 34 CURRENCIES 35
INTERNATIONAL CAPITAL MARKETS 36

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 7	Previous	Year ago
NEW YORK			
DJ Industrials	1,190.59	1,184.98	1,286.54
DJ Transport	557.02	553.03	611.79
DJ Utilities	147.21	148.54	134.83
S&P Composite	164.24	163.68	188.26
LONDON			
FT 100	955.7	941.0	800.0
FT-SE 100	1,226.0	1,214.6	1,029.0
FT-A All-shares	300.59	295.46	246.76
FT-A 500	648.17	642.05	520.02
FT Gold mines	445.3	459.0	529.5
FT-A Long gilt	10.52	10.48	10.02

CURRENCIES

	Jan 7	Previous	Jan 7	Previous
U.S. DOLLAR				
(London)				
\$	3.178	3.168	3.625	3.655
DM	255.85	253.1	292.0	292.0
FFr	9.7175	9.6925	11.085	11.17
Sfr	2.546	2.532	3.0225	3.03
Gold	3.588	3.572	4.10	4.125
Lira	1,946.0	1,941.5	2,224.5	2,235.75
Yen	63.35	63.35	72.55	73.05
CS	1.32155	1.31925	1.5135	1.52275

INTEREST RATES

	Jan 7	Prev
Euro-currency		
(3-month offered rate)		
\$	10 1/4	10 1/4
Sfr	4 1/4	4 1/4
DM	5 1/4	5 1/4
FFr	10 1/4	10 1/4
FT London interbank fixing		
(offered rate)		
3-month U.S.\$	8 1/4	8 1/4
6-month U.S.\$	9 1/4	9 1/4
U.S. 3-month CDs	8 1/4	8 1/4
U.S. 3-month T-bills	7 7/8	7 7/8

U.S. BONDS

	Jan 7	Price	Yield	Price	Yield
Treasury					
9% 1988	98 1/2	9.98	98 1/2	10.05	
11% 1992	100 1/2	11.61	100 1/2	11.56	
11% 1994	100 1/2	11.48	99 1/2	11.63	
11% 2014	101 1/2	11.51	100 1/2	11.67	
Corporate					
AT & T					
10% June 1990	95 1/2	11.40	95 1/2	11.40	
3% July 1990	73 1/2	10.30	73 1/2	10.30	
8% May 2000	76 1/2	12.25	76 1/2	12.25	
Xerox					
10% March 1993	93 1/2	12.00	93 1/2	12.00	
Diamond Shamrock					
10% May 1993	92 1/2	12.10	92 1/2	12.10	
Federated Dept Stores					
10% May 2013	86 1/2	12.30	86 1/2	12.30	
Alcoa					
11.80 Feb 2013	94 1/2	12.50	94 1/2	12.50	
Alcoa					
12% Dec 2012	96 1/2	12.75	96 1/2	12.75	

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
5% 32nds of 100%				
Mar	71-10	71-14	70-29	70-10
U.S. Treasury Bills (TBM)				
51m points of 100%				
Mar	91.89	91.90	91.79	91.72
Certificates of Deposit (CDM)				
51m points of 100%				
Mar	91.13	91.14	91.01	91.01
LONDON				
Three-month Eurodollar				
51m points of 100%				
Mar	90.70	90.72	90.62	90.60
20-year Notional Gilt				
250,000 32nds of 100%				
Mar	105-14	105-17	105-07	105-17

COMMODITIES

	Jan 7	Prev
(London)		
Silver (spot fixing)	509.85p	\$27.90p
Copper (cash)	\$1.143.50	\$1.142.50
Coffee (Mar)	\$2.283.50	\$2.276.50
Oil (spot Arabian Light)	\$27.80	\$27.80

GOLD (per ounce)

	Jan 7	Prev	Year ago
London	\$358.50	\$357.50	
Zurich	\$358.50	\$357.50	
Paris (fixing)	\$358.50	\$357.50	
Luxembourg	\$358.50	\$357.50	
New York (Feb)	\$358.50	\$357.50	

WALL STREET

Hopes rise of further Fed easing

FINANCIAL MARKETS on Wall Street rebounded vigorously from recent weakness yesterday when fresh evidence of sluggishness in the economy reawakened hopes of a further easing in Federal Reserve credit policies, writes Terry Byland in New York.

Bond prices headed higher, encouraged by a fall in short-term interest rates behind a lower federal funds rate.

The stock market moved ahead strongly for a time, but buying interest failed to spread beyond the leading stocks. After brushing against the 1,194 mark, the Dow Jones Industrial average ended the day at 1,190.59, a net gain of 5.63 points.

The American Stock Exchange index, reflecting the smaller U.S. companies, remained on the downside. Market turnover improved, to show a shares traded total of 86.8m.

The deflationary signals from the oil and precious metals markets found strong support from the latest opinion survey among U.S. industrial purchasing managers. Quoting setbacks in new orders, production and employment in November, the reports took a more bearish view of the economic outlook than previous ones.

Wall Street's immediate response was that the Fed was more likely now to maintain, or extend, the easing in credit policies set in train before Christmas, when the discount rate was cut to 8 per cent. The dip in short-term rates brought expectations of further reductions in prime lending rates by the larger banks.

In the stock market, the hope of lower interest rates outweighed fears of recession.

With oil prices still tumbling, airline stocks rose strongly. United Airlines, at \$45 1/2, jumped 5 1/2, and American Airlines, its main competitor on domestic routes, gained 5 1/2 to \$36 1/2.

Utility stocks, always quick to benefit from hopes of lower interest rates, were in demand, pushing the Dow utilities average ahead.

Among industrials, the most active feature was the expected merger of Occidental Petroleum with Diamond Shamrock. Wall Street had doubts about the plan - one analyst described it as the merger of the sector's two ugly ducklings. Heavy trading in Occidental drove the stock down 5 1/4 to \$23 1/2, while Diamond Shamrock, equally active, fell 5 1/4 to \$20 1/2.

Computer issues, badly shaken last week, staged a recovery. IBM gained 5 1/4 to \$120 1/2, Burroughs was 5 1/4 higher at \$55 1/2 and Control Data at \$34 1/2 added 5 1/4. Honeywell, hurt by a downgrading from some brokerage analysts, remained dull, 5 1/4 off at \$56 1/2.

The pharmaceutical groups, hostage to a strong dollar which hurts their overseas pricing, looked sluggish, however. Pfizer was unchanged at \$39 1/2. Reports that the board is having difficulty in its admitted search for a bid suitor took 5 1/4 off G. D. Searle, at \$83 1/2.

Apple Computer, 5 1/4 off at \$28 1/2, looked nervous as Atari, under its new boss, Mr Jack Tramiel of Commodore fame, moved to compete with Apple's Macintosh home computer. Commodore was 5 1/4 off at \$17.

Retail stocks, unsettled by the disclosure of disappointing Christmas sales figures, turned in a ragged performance. Federated Department Stores recouped 5 1/4 of recent losses to stand at \$52, but

Sears, was 5 1/4 down at \$31 1/2, and J. C. Penney, 5 1/4 easier at \$44 1/2, lacked sparkle. Toys R Us, however, steadied at \$38 1/2, up 5 1/4.

The credit market received further encouragement from a dip in the federal funds rate to 8 per cent. The bond market, which now has a two-week respite from the Treasury funding programme which upset prices last week, moved up somewhat erratically. The price of the key long bond, at 101 1/2, was 1/4 higher.

Treasury bills were four to 10 basis points lower, and bank certificates of deposit gave up a similar amount.

LONDON

Blue chips sweep away uncertainty

BLUE CHIPS confounded many London market operators yesterday by surging to a new all-time peak as the FT Ordinary index rose 14 1/2 to a record 955.7. The rise flew in the face of pre-market indications of stock and share values hovering to the uncertainty surrounding interest rates and North Sea oil prices.

Institutional investors ignored these signs and soon committed funds to a range of top quality names. Equities with overseas earnings potential were singled out for particular attention.

Midland Bank recovered some of last week's losses and, amid rumours that BAT Industries was preparing a bid, gained 14p to close at \$52p.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30-31

AUSTRALIA

WEAKER precious and base metal prices unsettled Sydney as concern continued over the strength of the U.S. dollar. The All Ordinaries index turned 6.1 weaker to 715.3.

Poor prospects for firm oil and gas prices lingered, and disappointing exploration results from the Timor Sea extended the setback into hydrocarbon-related issues.

Among the leaders, BHP shed 7 cents to A\$4.92, while in banks ANZ fell 14 cents to A\$4.88. News Corporation dropped 20 cents to A\$10.80.

SOUTH AFRICA

THE SHARPLY lower bullion price failed to make a significant dent on Johannesburg gold shares.

Free State Geduld gained R1 to R44.50, while Driefontein held steady at R48.50 and Buffels eased 40 cents to R10.25.

Diamond share De Beers lost 2 cents, and among platinum issues Rustenburg firmed 10 cents to R15.

CANADA

GOLD, transport and financial service stocks led the decline in a slightly lower Toronto.

Dome Petroleum was unchanged at C\$2.16 in active early trading, while Canadian Pacific dropped C\$3 to C\$48.

Industrials and utilities displayed some strength in an easier Montreal, with banks taking the hunt of the losses by midsession.

SINGAPORE

LETHARGY dominated Singapore as modest losses were encountered in thin trading and the Straits Times Industrial index fell 4.94 to 791.51.

DBS suffered one of the largest declines of the session, a 15-cent fall to S\$5.30 ex-all, while Malayan Banking shed 5 cents to S\$5.45.

EUROPE

Institutions lead way to new peaks

A RESURGENCE of demand by institutional investors after their absence during the recent holiday period took Frankfurt shares to record levels yesterday.

The Commerzbank index put on 10.8 to 1,123.5, compared with the previous record of 1,118.4 set last Wednesday.

The market also benefited from renewed foreign demand for stocks, with overseas investor interest again whetted by the continued strength of the dollar.

Allianz added DM 36 to DM 1,028 following a report quoting Herr Wolfgang Schieren, chief executive, as saying that the insurer is considering going into the banking business.

Banks found favour, with Deutsche Bank DM 6.20 higher at DM 389.70, Dresdner DM 2.50 at DM 193.70 and Commerzbank DM 1.20 at DM 170.20.

Engineerings saw Deutsche Babcock put on 50 pf to DM 159 following expectations of steady incoming orders for the



current year. Linde added DM 3 to DM 399, while MAN was DM 2.30 firmer at DM 158.80.

Bond prices ended lower, with many investors remaining out of the market amid concern over the strength of the dollar and in the absence of any clear lead from Friday's mixed close of U.S. credit markets.

The low level of business was reflected in Bundesbank sales of just DM 200,000 of paper, compared with sales totalling DM 83.4m on Friday.

A firm tone emerged in active Zurich trading, taking shares to a 12-month high - the result of the high level of liquid funds traditionally enjoyed by Swiss institutions at this time of year, together with strong foreign demand.

Nestle put on SwFr 175 to SwFr 5,850 following approval by the U.S. Federal Trade Commission of the takeover of Carnation by Nestle's U.S. subsidiary.

Banks were firm, with Union Bank SwFr 15 ahead at SwFr 3,815 and Credit Suisse SwFr 25 firmer at SwFr 2,375.

Bonds ended quietly steady.

Reinvestment of half-yearly dividend payments from nationalised companies provided a spur to higher Paris prices. Further demand emerged from investors returning to the market after a long New Year holiday.

A FFr 1.70 rise to FFr 6 by the heavy engineering concern Creusot-Loire, which is currently in bankruptcy proceedings, was attributed to short covering.

Amsterdam turned in a mixed performance although the ANP-CBS General index set an all-time high, rising 0.4 to 187.5 from the previous peak of 187.1 seen last Friday. Publisher WNU rose 50 cents to Fl 215. It expects 1984 profits to be at least 30 per cent higher than the Fl 35.1m earned in 1983.

Bonds were mixed but showed renewed strength in late trading amid continued expectations of a fall in interest rates over the next month.

Brussels was lower in sluggish trading, while Milan was also easier after a session marked by technical and speculative factors ahead of monthly settlements.

Stockholm, however, began the week on a firmer note, while Madrid shares were also higher in active trading. An advance in Oslo took shares to a 12-month high.

TOKYO

Strong rise despite the constraints

THE YEN'S PLUNGE and uncertainty about Wall Street kept trading low in Tokyo yesterday, but the Nikkei-Dow Jones average climbed close to an all-time high as biotechnology-related stocks and non-life insurance issues advanced, writes Shigeo Nishiwaki of Jiji Press.

The market average added 30.35 to close at 11,575.52, only 1.92 short of the record high registered on December 4. Volume totalled 329.99m shares compared with 280.23m for Saturday's half-day session. Advances outnumbered declines by 335 to 319, with 140 issues unchanged.

Investors had expected stock prices to soar in the new year, but the market has so far lacked energy. The yen's plunge close to Y255 to the U.S. dollar yesterday and the prevailing view that Wall Street would not be able to stage a rally for some time, dampened investor enthusiasm.

Biotechnology-related stocks drew heavy orders, however. Unitika, most active with 17.33m shares changing hands, gained Y11 to Y220. Asahi Chemical, third with 10.36m shares, rose Y10 to Y720. Toyokojo surged Y100 to Y1,450 and Kuraray Y42 to Y788.

Financial stocks, which spurred late last year, dropped on a wide front, with city banks suffering large declines. In particular, Sumitomo Bank lost Y50 to Y1,780. Leading brokerage houses came under profit-taking pressure, with Nomura Securities and Daiwa Securities dropping Y13 to Y947 and Y10 to Y870, respectively.

Non-life insurers were purchased again near the close, however. Tokio Marine and Fire advanced Y14 to Y779 on turnover of 10m shares, while Yasuda Fire and Marine finished Y9 up at Y404.

Bond prices dropped for the third consecutive session, reflecting the yen's weakness. Some medium-sized securities houses sold bonds in small lots, spreading fears of a further decline, and some other financial institutions followed suit.

The yield on the benchmark 7.3 per cent government bonds due in December 1993 rose to 6.370 per cent.

HONG KONG

HEAVY TRADING, spurred by strong overseas demand, combined with signs of a recovery in the local property market to buoy Hong Kong shares for the sixth consecutive session.

The Hang Seng index rose 19.57 to 1,281.87, partly aided by a vibrant utilities sector.

Cheung Kong gained 50 cents to HK\$11.50, while Hongkong Land added 3 cents to HK\$3.82. Hongkong Electric firmed 20 cents to HK\$7.

Losses, however, were sustained by Hutchison Whampoa, 20 cents cheaper at HK\$18.80, and Jardine Matheson, 5 cents down at HK\$8.55.

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Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the last trading day. Where a split or stock dividend assuming the form of a stock repurchase is indicated, the number of shares of dividend are shown for the new stock only. Unless otherwise noted, ratios of dividends are annual dividends divided by the latest declaration.

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WORLD STOCK MARKETS

AUSTRIA				GERMANY				NORWAY				AUSTRALIA (continued)				JAPAN (continued)				OVER-THE-COUNTER				LONDON			
Jan. 7	Price	±	or	Jan. 7	Price	±	or	Jan. 7	Price	±	or	Jan. 7	Price	±	or	Jan. 7	Price	±	or	Stock	High	Low	Open	Stock	High	Low	Open
Gedraustall	228			AEG Tele	101.4	-0.7		Bergens Bank	160			Gen Prop Trust	9.13	-0.04		Mitsui Co.	245	-7		Bank	100	100	100	Bank	100	100	100
Geest	331			Allianz Ver.	101.4	-0.7		Borgergaard	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Assoc. Brit	100	100	100	Assoc. Brit	100	100	100
Internat'l	331			SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Karsten Energy	2.5	-0.05		Mitsui Est.	245	-7		BSR Int'l	100	100	100	BSR Int'l	100	100	100
Perforbank	227			SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Boat (Henry)	100	100	100	Boat (Henry)	100	100	100
Leipziger	227			SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		BRF	100	100	100	BRF	100	100	100
Sleip-Damien	193			SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Brüel	100	100	100	Brüel	100	100	100
Vertechn Mag.	250			SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Cable & Wireless	100	100	100	Cable & Wireless	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Courtauld	100	100	100	Courtauld	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Fooco Munep	100	100	100	Fooco Munep	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		GEN	100	100	100	GEN	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Hill Samuel	100	100	100	Hill Samuel	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Imperial Group	100	100	100	Imperial Group	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Jaguar	100	100	100	Jaguar	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Manch Ship Can.	100	100	100	Manch Ship Can.	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Midland Bank	100	100	100	Midland Bank	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Notting Hampt	100	100	100	Notting Hampt	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Poly Pack	100	100	100	Poly Pack	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Share Drug Sto.	100	100	100	Share Drug Sto.	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Sterling Guarant	100	100	100	Sterling Guarant	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Tate & Lyle	100	100	100	Tate & Lyle	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Turnitt	100	100	100	Turnitt	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7		Vinten	100	100	100	Vinten	100	100	100
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									
				SABP	101.4	-0.7		Den Norske Gled	160.5	-5		Harde James	2.5	-0.05		Mitsui Est.	245	-7									

FT LONDON SHARE INFORMATION SERVICE

NOMURA
INTERNATIONAL LIMITED
**NEW-ERA INVESTMENT
AND UNDERWRITING**
OFFICES WORLDWIDE
5 Gracechurch Street E.C. 4 U.K.
Telephone (01) 281 8811

BRITISH FUNDS

Year-5	Year-10	Slack	Price	Net	Prod.
"Shorts" (Lives up to Five Years)					
1054	100107	1900-1905	200 1/2	14.94	10.55
1055	100128	1898-1900	200 1/2	13.94	10.25
1056	100129	1898-1900	200 1/2	13.94	10.25
1057	100130	1898-1900	200 1/2	13.94	10.25
1058	100131	1898-1900	200 1/2	13.94	10.25
1059	100132	1898-1900	200 1/2	13.94	10.25
1060	100133	1898-1900	200 1/2	13.94	10.25
1061	100134	1898-1900	200 1/2	13.94	10.25
1062	100135	1898-1900	200 1/2	13.94	10.25
1063	100136	1898-1900	200 1/2	13.94	10.25
1064	100137	1898-1900	200 1/2	13.94	10.25
1065	100138	1898-1900	200 1/2	13.94	10.25
1066	100139	1898-1900	200 1/2	13.94	10.25
1067	100140	1898-1900	200 1/2	13.94	10.25
1068	100141	1898-1900	200 1/2	13.94	10.25
1069	100142	1898-1900	200 1/2	13.94	10.25
1070	100143	1898-1900	200 1/2	13.94	10.25
1071	100144	1898-1900	200 1/2	13.94	10.25
1072	100145	1898-1900	200 1/2	13.94	10.25
1073	100146	1898-1900	200 1/2	13.94	10.25
1074	100147	1898-1900	200 1/2	13.94	10.25
1075	100148	1898-1900	200 1/2	13.94	10.25
1076	100149	1898-1900	200 1/2	13.94	10.25
1077	100150	1898-1900	200 1/2	13.94	10.25
1078	100151	1898-1900	200 1/2	13.94	10.25
1079	100152	1898-1900	200 1/2	13.94	10.25
1080	100153	1898-1900	200 1/2	13.94	10.25
1081	100154	1898-1900	200 1/2	13.94	10.25
1082	100155	1898-1900	200 1/2	13.94	10.25
1083	100156	1898-1900	200 1/2	13.94	10.25
1084	100157	1898-1900	200 1/2	13.94	10.25
1085	100158	1898-1900	200 1/2	13.94	10.25
1086	100159	1898-1900	200 1/2	13.94	10.25
1087	100160	1898-1900	200 1/2	13.94	10.25
1088	100161	1898-1900	200 1/2	13.94	10.25
1089	100162	1898-1900	200 1/2	13.94	10.25
1090	100163	1898-1900	200 1/2	13.94	10.25
1091	100164	1898-1900	200 1/2	13.94	10.25
1092	100165	1898-1900	200 1/2	13.94	10.25
1093	100166	1898-1900	200 1/2	13.94	10.25
1094	100167	1898-1900	200 1/2	13.94	10.25
1095	100168	1898-1900	200 1/2	13.94	10.25
1096	100169	1898-1900	200 1/2	13.94	10.25
1097	100170	1898-1900	200 1/2	13.94	10.25
1098	100171	1898-1900	200 1/2	13.94	10.25
1099	100172	1898-1900	200 1/2	13.94	10.25
1100	100173	1898-1900	200 1/2	13.94	10.25

Undated

411	35 Comm. Exp.	581	10.32	-
37	32 War Loan 3 yct2	35	10.10	-
44	401 Comm 31yct 1st Aft.	427	8.40	-
314	27 Treas. Sec 60 Aft.	294	10.40	-
	27 Comm. 21yct.	244	10.16	-
26	23 Treas. 21yct.	247	10.33	-

Index: Linked

108%	101	7.7%	2.3%	78	1297.11	107%	-1%	1.0%	5.04
94%	85	0%	2%	90	1333.01	92%	-1%	1.9%	6.61
111%	98	0%	2%	96	1267.99	109%	2%	3.4%	3.79
101%	88%	0%	2%	91	1308.81	99%	0%	3.2%	3.51
100%	87%	0%	2%	93	1310.71	98%	0%	3.2%	3.45
104	90%	0%	2%	86	1274.11	101%	2%	1.1%	3.34
100%	87%	0%	2%	89	1310.71	98%	0%	1.1%	3.28
104%	91%	0%	2%	91	1284.11	104%	2%	3.0%	3.23
87	87%	0%	2%	16	1322.01	93%	2%	3.0%	1.03

INT. BANK AND O'SEAS
GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

103	90	100%	12.50	10.65
105	90	100%	11.00	10.95
101a	90	100%	9.02	12.09
91	90	100%	7.40	11.34
124	110	117%	11.61	11.44
301	234	28%	12.62	
98%	90	90%	4.86	11.74
94%	89	87%	6.79	10.77
85	77	75%	6.65	12.34
26	22	29%	13.09	

AFRICAN LOANS

181	179	S Road 21pc Non-Asd.	179 1/2-1	-	-
47	82	Do 1/2pc 02-85 Asd.	96 1/2-1	365	-
61	521	Do 41/2pc 87-92 Asd.	85 1/2-1	687	11.20
313	781	Combs Ann E100ad	305 1/2-1	-	148

LOANS

Building Societies									
1000	981	Do	10/10/24	78.1 85.	1000	10	10/25	10.33	
1000	982	Do	10/10/24	182.85	1000	10	10/25	10.33	
1000	974	Do	9/10/24	253.85	994	10	9/40	10.71	
1000	975	Do	9/10/24	253.85	994	10	9/40	10.71	
1000	976	Do	9/10/24	75.85	994	10	9/40	10.71	
1000	977	Do	11/10/24	3.6 85.	1000	10	10/25	10.33	
1000	978	Do	10/10/24	24.6 85.	1000	10	10/25	10.33	
1000	979	Do	11/10/24	5.1 85.	1000	10	10/25	10.33	
1000	980	Do	12/10/24	5.10 85.	1000	10	10/25	10.33	
1000	981	Do	10/10/24	27.8 85.	994	10	9/40	10.71	
1000	982	Do	11/10/24	9.9 85.	994	10	9/40	10.71	
1000	983	Do	11/10/24	9.9 85.	994	10	9/40	10.71	

Public Board and Ind.

Financial

97	Do 11 loc Um Ln '88	100%	11
97	Do 11 loc Um Ln '90	101%	11
77	Do 11 loc Um Ln '92	801%	90

108	95	Da. 7 th Dec 41	108	-1	2.63	12.6
91	11	Da. 7 th Apr 41	77	-4	9.18	10.8
91	7	Da. 9 th Aug 41	95	-1	19.00	16.4
90	7	Da. 8 th Sep 41	88		10.30	11.0

FOREIGN BONDS & RAIL

25	7	Do. Sep 10, 1898	25		
26	10	Do. Sep 11	26		
27	13	Do. Sep 14	27		
28	4	Do. Sep 15	28		
29	17	Do. Sep 25 Bower	29	11	10.17
30	18	Do. Sep 26	30		
31	20	Do. Sep 27	31	1	15.49
32	24	Do. Sep 28	32		
33	27	Do. Sep 29	33		
34	30	Do. Sep 30	34	24	3.39
35	1	Do. Oct 1	35	12	12.00
36	4	Do. Oct 2	36	1	12.00
37	7	Do. Oct 3	37	1	12.00
38	10	Do. Oct 4	38	1	12.00
39	13	Do. Oct 5	39	1	12.00
40	16	Do. Oct 6	40	1	12.00
41	19	Do. Oct 7	41	1	12.00
42	22	Do. Oct 8	42	1	12.00
43	25	Do. Oct 9	43	1	12.00
44	28	Do. Oct 10	44	1	12.00
45	31	Do. Oct 11	45	1	12.00
46	3	Do. Oct 12	46	1	12.00
47	6	Do. Oct 13	47	1	12.00
48	9	Do. Oct 14	48	1	12.00
49	12	Do. Oct 15	49	1	12.00
50	15	Do. Oct 16	50	1	12.00
51	18	Do. Oct 17	51	1	12.00
52	21	Do. Oct 18	52	1	12.00
53	24	Do. Oct 19	53	1	12.00
54	27	Do. Oct 20	54	1	12.00
55	30	Do. Oct 21	55	1	12.00
56	3	Do. Oct 22	56	1	12.00
57	6	Do. Oct 23	57	1	12.00
58	9	Do. Oct 24	58	1	12.00
59	12	Do. Oct 25	59	1	12.00
60	15	Do. Oct 26	60	1	12.00
61	18	Do. Oct 27	61	1	12.00
62	21	Do. Oct 28	62	1	12.00
63	24	Do. Oct 29	63	1	12.00
64	27	Do. Oct 30	64	1	12.00
65	30	Do. Oct 31	65	1	12.00
66	1	Do. Nov 1	66	1	12.00
67	4	Do. Nov 2	67	1	12.00
68	7	Do. Nov 3	68	1	12.00
69	10	Do. Nov 4	69	1	12.00
70	13	Do. Nov 5	70	1	12.00
71	16	Do. Nov 6	71	1	12.00
72	19	Do. Nov 7	72	1	12.00
73	22	Do. Nov 8	73	1	12.00
74	25	Do. Nov 9	74	1	12.00
75	28	Do. Nov 10	75	1	12.00
76	31	Do. Nov 11	76	1	12.00
77	3	Do. Nov 12	77	1	12.00
78	6	Do. Nov 13	78	1	12.00
79	9	Do. Nov 14	79	1	12.00
80	12	Do. Nov 15	80	1	12.00
81	15	Do. Nov 16	81	1	12.00
82	18	Do. Nov 17	82	1	12.00
83	21	Do. Nov 18	83	1	12.00
84	24	Do. Nov 19	84	1	12.00
85	27	Do. Nov 20	85	1	12.00
86	30	Do. Nov 21	86	1	12.00
87	3	Do. Nov 22	87	1	12.00
88	6	Do. Nov 23	88	1	12.00
89	9	Do. Nov 24	89	1	12.00
90	12	Do. Nov 25	90	1	12.00
91	15	Do. Nov 26	91	1	12.00
92	18	Do. Nov 27	92	1	12.00
93	21	Do.	93	1	12.00

AMERICANS

High	Low	Stock	Price &
304	294	Abbott Labs.	34 1/2
305	295	Abbott Nutrition H.F.	31
306	296	Accel	21 1/2
307	297	Accel Corp. SL	29 1/2
308	298	Acme SL	21 1/2
309	299	Acme SL	21 1/2
310	300	Adco	42 1/2
311	301	Adco	42 1/2
312	302	Adco	42 1/2
313	303	Adco	42 1/2
314	304	Adco	42 1/2
315	305	Adco	42 1/2
316	306	Adco	42 1/2
317	307	Adco	42 1/2
318	308	Adco	42 1/2
319	309	Adco	42 1/2
320	310	Adco	42 1/2
321	311	Adco	42 1/2
322	312	Adco	42 1/2
323	313	Adco	42 1/2
324	314	Adco	42 1/2
325	315	Adco	42 1/2
326	316	Adco	42 1/2
327	317	Adco	42 1/2
328	318	Adco	42 1/2
329	319	Adco	42 1/2
330	320	Adco	42 1/2
331	321	Adco	42 1/2
332	322	Adco	42 1/2
333	323	Adco	42 1/2
334	324	Adco	42 1/2
335	325	Adco	42 1/2
336	326	Adco	42 1/2
337	327	Adco	42 1/2
338	328	Adco	42 1/2
339	329	Adco	42 1/2
340	330	Adco	42 1/2
341	331	Adco	42 1/2
342	332	Adco	42 1/2
343	333	Adco	42 1/2
344	334	Adco	42 1/2
345	335	Adco	42 1/2
346	336	Adco	42 1/2
347	337	Adco	42 1/2
348	338	Adco	42 1/2
349	339	Adco	42 1/2
350	340	Adco	42 1/2
351	341	Adco	42 1/2
352	342	Adco	42 1/2
353	343	Adco	42 1/2
354	344	Adco	42 1/2
355	345	Adco	42 1/2
356	346	Adco	42 1/2
357	347	Adco	42 1/2
358	348	Adco	42 1/2
359	349	Adco	42 1/2
360	350	Adco	42 1/2
361	351	Adco	42 1/2
362	352	Adco	42 1/2
363	353	Adco	42 1/2
364	354	Adco	42 1/2
365	355	Adco	42 1/2
366	356	Adco	42 1/2
367	357	Adco	42 1/2
368	358	Adco	42 1/2
369	359	Adco	42 1/2
370	360	Adco	42 1/2
371	361	Adco	42 1/2
372	362	Adco	42 1/2
373	363	Adco	42 1/2
374	364	Adco	42 1/2
375	365	Adco	42 1/2
376	366	Adco	42 1/2
377	367	Adco	42 1/2
378	368	Adco	42 1/2
379	369	Adco	42 1/2
380	370	Adco	42 1/2
381	371	Adco	42 1/2
382	372	Adco	42 1/2
383	373	Adco	42 1/2
384	374	Adco	42 1/2
385	375	Adco	42 1/2
386	376	Adco	42 1/2
387	377	Adco	42 1/2
388	378	Adco	42 1/2
389	379	Adco	42 1/2
390	380	Adco	42 1/2
391	381	Adco	42 1/2
392	382	Adco	42 1/2
393	383	Adco	42 1/2
394	384	Adco	42 1/2
395	385	Adco	42 1/2
396	386	Adco	42 1/2
397	387	Adco	42 1/2
398	388	Adco	42 1/2
399	389	Adco	42 1/2
400	390	Adco	42 1/2

BEERS, WINES—Cont

Net Gross	C/W	Y/M Grs	1984-85		Stock	Price	+ or -	Net Rev	C/W
			High	Low					
\$1.20	-	2.9	261	202	Wain	263.00	+1	10.06	2.2
\$1.20	-	4.8	220	128	Windward 'A'	220	+3	16.25	2.6
\$1.20	-	3.3	272	206	Walt. & Bonley	270.00		7.6	3.8
\$1.80	-	5.1	280	220	Young Brew 'A' 50p	240		15.3	2.8
20c	-	1.2	180	120	Do. Reg. V. 50p	165		15.3	2.0

**BUILDING INDUSTRY
TIMBER AND ROADS**

[illegible]

DRAPERY & STORES—Cor

1994-95		Stock		Price		Net		Gross	
Y	Pkg	High	Low						
3	10.2	53	35	44 West Union 50	53		41.25	4	32
1	11.0	54	23	Laches Price 200	27		2.9	0.5	13
0	13.7	148	109	Lee Cooper	107		3.68	5.1	49
3	21.4	400	148	Liberty	400		14.5	2.4	1
8	14.7	205	97	Do. Nan Vay	205		14.5	2.4	2
		625	622	Limited Inc 10.50	623		0.24		0

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1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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ELECTRICAL

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

122.0		385	360	365	2	5.8	32
122.7	1.8	386	361	366	3	6.0	33
123.4	1.6	387	362	367	4	6.2	34
124.1	1.4	388	363	368	5	6.4	35
124.8	1.2	389	364	369	6	6.6	36
125.5	1.0	390	365	370	7	6.8	37
126.2	0.8	391	366	371	8	7.0	38
126.9	0.6	392	367	372	9	7.2	39
127.6	0.4	393	368	373	10	7.4	40
128.3	0.2	394	369	374	11	7.6	41
129.0	0.0	395	370	375	12	7.8	42
129.7		396	371	376	13	8.0	43
130.4		397	372	377	14	8.2	44
131.1		398	373	378	15	8.4	45
131.8		399	374	379	16	8.6	46
132.5		400	375	380	17	8.8	47
133.2		401	376	381	18	9.0	48
133.9		402	377	382	19	9.2	49
134.6		403	378	383	20	9.4	50
135.3		404	379	384	21	9.6	51
136.0		405	380	385	22	9.8	52
136.7		406	381	386	23	10.0	53
137.4		407	382	387	24	10.2	54
138.1		408	383	388	25	10.4	55
138.8		409	384	389	26	10.6	56
139.5		410	385	390	27	10.8	57
140.2		411	386	391	28	11.0	58
140.9		412	387	392	29	11.2	59
141.6		413	388	393	30	11.4	60
142.3		414	389	394	31	11.6	61
143.0		415	390	395	32	11.8	62
143.7		416	391	396	33	12.0	63
144.4		417	392	397	34	12.2	64
145.1		418	393	398	35	12.4	65
145.8		419	394	399	36	12.6	66
146.5		420	395	400	37	12.8	67
147.2		421	396	401	38	13.0	68
147.9		422	397	402	39	13.2	69
148.6		423	398	403	40	13.4	70
149.3		424	399	404	41	13.6	71
150.0		425	400	405	42	13.8	72
150.7		426	401	406	43	14.0	73
151.4		427	402	407	44	14.2	74
152.1		428	403	408	45	14.4	75
152.8		429	404	409	46	14.6	76
153.5		430	405	410	47	14.8	77
154.2		431	406	411	48	15.0	78
154.9		432	407	412	49	15.2	79
155.6		433	408	413	50	15.4	80
156.3		434	409	414	51	15.6	81
157.0		435	410	415	52	15.8	82
157.7		436	411	416	53	16.0	83
158.4		437	412	417	54	16.2	84
159.1		438	413	418	55	16.4	85
159.8		439	414	419	56	16.6	86
160.5		440	415	420	57	16.8	87
161.2		441	416	421	58	17.0	88
161.9		442	417	422	59	17.2	89
162.6		443	418	423	60	17.4	90
163.3		444	419	424	61	17.6	91
164.0		445	420	425	62	17.8	

67	Fine Art Decs. 5p	77	3.0	1.1
21	Ford Mptnl 10p	25	\$1.05	1.3

[illegible]

HDTELS—Continued

1984-85	High	Low	Stock	Price	Per	Div	Net
135	55		Prince of Wales	97			+1.5
99	121		Queen Mary 2	58			+1.25
1258	5147		Dr. Queen of Peace	245			+1.00
21	2		Ryan Hatched 50	21			
420	268		Savary "A" 10p	415	-5		2.0
163	94		Star 10p	282	+2		3.0
			IX 10p Series	155			+1.13

INDUSTRIALS (Miscellaneous)

130	100	12A	101	618
131	100	IAAN	102	618
132	100	IAAN	103	618
133	100	IAAN	104	618
134	100	IAAN	105	618
135	100	IAAN	106	618
136	100	IAAN	107	618
137	100	IAAN	108	618
138	100	IAAN	109	618
139	100	IAAN	110	618
140	100	IAAN	111	618
141	100	IAAN	112	618
142	100	IAAN	113	618
143	100	IAAN	114	618
144	100	IAAN	115	618
145	100	IAAN	116	618
146	100	IAAN	117	618
147	100	IAAN	118	618
148	100	IAAN	119	618
149	100	IAAN	120	618
150	100	IAAN	121	618
151	100	IAAN	122	618
152	100	IAAN	123	618
153	100	IAAN	124	618
154	100	IAAN	125	618
155	100	IAAN	126	618
156	100	IAAN	127	618
157	100	IAAN	128	618
158	100	IAAN	129	618
159	100	IAAN	130	618
160	100	IAAN	131	618
161	100	IAAN	132	618
162	100	IAAN	133	618
163	100	IAAN	134	618
164	100	IAAN	135	618
165	100	IAAN	136	618
166	100	IAAN	137	618
167	100	IAAN	138	618
168	100	IAAN	139	618
169	100	IAAN	140	618
170	100	IAAN	141	618
171	100	IAAN	142	618
172	100	IAAN	143	618
173	100	IAAN	144	618
174	100	IAAN	145	618
175	100	IAAN	146	618
176	100	IAAN	147	618
177	100	IAAN	148	618
178	100	IAAN	149	618
179	100	IAAN	150	618
180	100	IAAN	151	618
181	100	IAAN	152	618
182	100	IAAN	153	618
183	100	IAAN	154	618
184	100	IAAN	155	618
185	100	IAAN	156	618
186	100	IAAN	157	618
187	100	IAAN	158	618
188	100	IAAN	159	618
189	100	IAAN	160	618
190	100	IAAN	161	618
191	100	IAAN	162	618
192	100	IAAN	163	618
193	100	IAAN	164	618
194	100	IAAN	165	618
195	100	IAAN	166	618
196	100	IAAN	167	618
197	100	IAAN	168	618
198	100	IAAN	169	618
199	100	IAAN	170	618
200	100	IAAN	171	618
201	100	IAAN	172	618
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204	100	IAAN	175	618
205	100	IAAN	176	618
206	100	IAAN	177	618
207	100	IAAN	178	618
208	100	IAAN	179	618
209	100	IAAN	180	618
210	100	IAAN	181	618
211	100	IAAN	182	618
212	100	IAAN	183	618
213	100	IAAN	184	618
214	100	IAAN	185	618
215	100	IAAN	186	618
216	100	IAAN	187	618
217	100	IAAN	188	618
218	100	IAAN	189	618
219	100	IAAN	190	618
220	100	IAAN	191	618
221	100	IAAN	192	618
222	100	IAAN	193	618

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LETTER—CONTINUED

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Stock Price: \$10.00

is a selection of Regional and Irish snells, the latter quoted in Irish currency.

IRISH	Irish Ropes	320
1985	Jacob LW & R	58
1989	TMG	72

IONS — 3-month call rate

30	Legal & Gen.	42	MEPC
46	Lea Service	55	Peachey
18	Lea Bank	55	Sanger/Primo

13	West	24	East Petroleum
14	P & O Ltd.	24	Burmah Oil
15	Piercy	20	Chadwell

71	Te-co	8	Charter Cons.
72	Te-co	8	Cons. Gold

Recent Issues" and "Rights" Page 26

FT UNIT TRUST INFORMATION SERVICE[illegible]

ACROSS

1 Eastern quarter of Burslem (5)
2 Bind members over (5)
3 Criminal not in the house (5)
4 Our agent E. could (5)
5 Occupant of Hardy's obscure type? (5-5)
6 Shut out in this manner (4)
7 Camp-bed by lake (7)
8 Germany's larger I ac? (4)
9 Openness providing the better cover, proverbially? (7)
10 A thing? (7)
11 Vader? The British one has hard lines (4)
12 Moon-strater, perhaps (10)
13 Follower of Abou Ben Adhem—son of that embracing wife (9)
14 Language the French expect on? (5)
15 Lover of Moore's pieces (4)
16 Organ-control well-known housemaids? (4-5)

DOWN

1 Sounds of buffets (5)
2 Like sickness benefit dishonestly claimed? (3-6)
3 Realism almost, a dark corner of the imperfect has (10)
4 Works by note to perform theatre? (7)
5 Clear bond of shot Wimbledon (3-4)
6 Twisted like mazy a yarn (4)
7 Fish that could be chattered (3-3)
8 A man (3)

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Gold trades at five-year low

By JOHN EDWARDS, COMMODITIES EDITOR

GOLD traded at the lowest level since August 1979 on the London bullion market yesterday. It sank to \$295.25 at one stage before closing at \$296.50, some \$5 down on Friday and the lowest close since June 1982.

Dealers said the strong dollar, weak oil prices and high interest rates were continuing to undermine the gold market, sapping the confidence of investors and encouraging speculative selling, especially now that the \$300 mark has been breached.

Gold's fall put fresh pressure on the other precious metals. Free market platinum lost \$5.75 to \$270, ounce, its lowest level since July 1982. The London bullion spot price of silver was cut by 2.5 pence (18.5p) to 883 cents (889.5p) an ounce at the morning fixing. It lost further ground in afternoon trading.

Base metals on the London Metal Exchange remained subdued. There were no big changes in the weekly warehouse stocks figures. The decline in copper holdings was in line with market expectations but the squeeze on immediately

available supplies tightened again with the gap between the cash and three months prices for higher grade copper narrowing.

Reports of further copper buying interest by the Chinese were offset by the easier trend in New York, widening the disparity between the two markets which appear to be taking opposing views.

The hefty rise in lead stocks in LME warehouses failed to relieve the scarcity of spot supplies and the cash price maintained its huge premium, gaining \$4.5 to \$384 a tonne while the three months quotation was only 20.5 up at \$329.25.

Go-ahead for £135m UK poultry investment

THE EUROPEAN Commission has given the go-ahead for a £135m investment programme to poultry and egg production in Britain.

The programme, which will take place over the next three years, means that the UK poultry and egg industries will be able to take full advantage of grant aid from the EEC budget for the first time.

Some £135m will be spent on schemes such as developing production of improved poultry products and increasing chilling and storage capacity for fresh birds, and £122m on rationalisation of egg packing and processing.

Aid totalling £7.7m has also been approved for 63 projects designed to improve marketing and processing of agricultural and fish products in the UK.

It attributed the decline to higher cotton prices in the first half of 1984, reflected in a cotton import bill of \$428m, compared with \$405m in 1983.

It Egyptian exporters predicted sales of potatoes would total 160,000 tonnes this year as the first shipment was loaded. They said an excess in world production had brought prices down from last season's average by at least \$100 per tonne.

Egypt last year exported 142,000 tonnes of potatoes, with Britain importing 70,000 tonnes.

It Australian wheat exports fell to 1.06m tonnes in December from 1.39m in November, the Australian Wheat Board said. The wheat board's shipments of 666,500 tonnes to December 1983.

It Spain's agriculture ministry has reached agreement with farmer organisations on a 4.7 per cent price rise in 1985 for a number of agricultural products, compared with 6.8 per cent last year.

Good start raises harvest hopes

UNTIL the cold spell started last weekend I was enjoying some of the best early season conditions that I can remember. I am always happy when I can reach the New Year with the farm having suffered either snow or serious frost. It is true that Boxing Day night brought a few inches but they were soon washed away by the return of the south-westerly winds and the grass and the wheat and barley still had a nice green sheen.

It is true that we had a lot of rain, enough to raise the annual rainfall above the average. That too was a bonus because it means that the wells will soon be filling up again for another year.

The autumn growth has been exceptional. I have never seen the cereal crops looking so well and so free from disease or attacks of slugs. Even the roots seem to have left them alone, probably because there was so much to the way of corns, beetroot and so on in the hedgerows that they did not feel inclined to pull the young wheat and barley up by the root to get at the seed. The prospects for winter-sown crops look so much better than they did at the same time last year that this year's harvest could be another record, to spite of the present freeze.

However, a lot can happen in growing crops over the next few months to destroy one's hopes, and it would be a brave man who would venture a yield forecast at this stage. All I can say is that they looked splendid in the South and now it is in the

hands of nature, helped by fertilisers and fungicides, to produce a harvest.

Some people deplore our dependence on these scientific aids—all I can say is that having grown crops under the rules of good husbandry with fixed rotations etcetera the crops I grew then bear no comparison with those I harvest now. It niggles me a bit, as it is so against my early training, but feed, which can cause heavy losses. The ewes go into a coma, and once in that state there is little one can do to save the lambs and often the ewes.

Ironically it usually attacks ewes in very good condition, and I am fearful that some of mine are too fat to be secure against it. I am choosing their diet over the next 10 days so that they will be completely

used to the dry feed before they are too close to lambing. I believe I could avoid this problem by wintering my ewes under cover as some of my neighbours do. But this is no easy option. It is more costly in feed and there are disease problems inherent in having large numbers of sheep confined in close quarters.

I often my lambs off grass, usually in May, June and July, and the best of them will come off pasture to feed on the pastures I have sown this past autumn. These are splendid in appearance and I have grazed them down hard, which is one reason for the ewes doing well. If this is not done there is a danger that a hard frost will kill the young grass by lifting the surface. This happened to me once and I lost about half my summer grazing; an expensive accident, but I have managed to avoid it since.

That way, or will we be sunk once more by an expansionary frenzy?

Farmer's Viewpoint: By John Cherrington

profitability is so much greater that it must be the right thing to do.

The autumn grass has been of overplative feed value too. I don't think my ewe flock has ever looked better. I have just started giving them hay and they should make the transition from grass to winter feed without any problems although it is a rather tricky period.

Sheep prefer to live off grass, but if there is a sudden break in the amount available due to say, frost or snow, their metabolism can suffer.

My ewes are about two months off lambing and the embryo lambs are making increasing demands on them. The essence of management is to make the transition from grass feeding to a diet of hay and concentrate in such a way that the ewe's metabolism can adjust to the change of feed without damage. There is a condition called pregnet toxemia or lambing fever which is largely due to this change of

offerings of this year's crop late in April or May. Prices for top quality tea no offer," said Mr. Lee, "but neither was there an awful lot last week."

January is not normally a time of strong demand for tea, but this year's tea harvesters seemed to be taking a longer term view, he said. There was a feeling of insecurity based on the knowledge that India's export policy was not likely to be decided until shortly before

Strong demand boosts London tea auction values

By RICHARD MODNEY

STRONGER demand pushed up tea prices at yesterday's weekly London auction. The quality types averaged 340p a kg, up 20p from last week's level.

The average price for medium leaf was 10p up at 260p a kg, and for low medium 5p higher at 255p.

Mr. Neville Lee of the Tea Brokers' Association said the rise reflected strong competition. He said the market was "very active" at recent auctions. Leading blenders and exporters

showed more interest than of late he said.

"There was no so awful lot of top quality tea no offer," said Mr. Lee, "but neither was there an awful lot last week."

January is not normally a time of strong demand for tea, but this year's tea harvesters seemed to be taking a longer term view, he said. There was a feeling of insecurity based on the knowledge that India's export policy was not likely to be decided until shortly before

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came to for keen competition and prices were generally 5 to 10p a kg dearer. Bangladesh teas also sold readily with colour types 10p higher. Africans were again well supported and generally advanced by 5 to 10p apart from some plainers.

A few quality Ceylons sold well at dearer rates but mediums lost 5 to 8p. Offshore teas were 5 to 10p higher.

EEC farm incomes higher

By PAUL CHEESBROUGH IN BRUSSELS

FARM INCOMES rose on average by 3.8 per cent in real terms in the European Community in 1984, compared with a fall of 6 per cent in 1983, according to the latest figures from the EEC Statistical Office.

The rise in farm incomes was then the arguments of those in the Community seeking stricter pricing arrangements for products underpinned by price guarantees.

One of the first tasks of the new Commission, which started work yesterday, will be to draw up 1985 price proposals. For the first time they will have to be done within the framework of the overall Community budget.

However the average rise in

income hides wide disparities. In Belgium, Italy and Luxembourg there were no rises while there was an increase of 32.2 per cent in Denmark, 9.7 per cent in the UK and 7.6 per cent in the Netherlands.

The average rise came against the background of a nominal increase of 6.2 per cent in producer prices, but a 1.7 per cent fall in real terms. The real fall in 1983 was 2.2 per cent.

Clearly the incomes increase was due to higher production and the relative stability of input prices. The statistics show that the rate of increase of output prices last year was 1.3 per cent lower than in the previous year.

LONDON MARKETS

COCOA futures prices were buoyant yesterday reflecting the stronger tone to the New York market, and manufacturer demand for physicals. Sterling's renewed weakness was a further bullish factor.

The May position ended £18 on the day, a £1,903.50 a tonne after reacting £1,907 at one point.

More modest gains were registered on the coffee market where the March quotation finished at £2,233.50 a tonne, 27 above Friday's close. The rise was chiefly attributed to the pound's decline against the dollar.

World sugar futures were narrowly irregular, with selling cushioned by news that the Dominican Republic had received relatively high prices for raw sugar sold at its tender on Friday.

MAIN PRICE CHANGES			
	Jan. 7	Jan. 8	% or Month
COCAO			
Aluminum...	11100	11100	0
Copper...	11100	11100	0
Gold...	11100	11100	0
Lead...	11100	11100	0
Nickel...	11100	11100	0
Silver...	11100	11100	0
Steel...	11100	11100	0
Wheat...	11100	11100	0
Yarn...	11100	11100	0
Zinc...	11100	11100	0

INDICES			
	Jan. 7	Jan. 8	% or Month
FINANCIAL TIMES			
Jan. 4	101.00	101.00	0
Jan. 5	101.00	101.00	0
Jan. 6	101.00	101.00	0
Jan. 7	101.00	101.00	0
Jan. 8	101.00	101.00	0
REUTERS			
Jan. 4	101.00	101.00	0
Jan. 5	101.00	101.00	0
Jan. 6	101.00	101.00	0
Jan. 7	101.00	101.00	0
Jan. 8	101.00	101.00	0
MOODY'S			
Jan. 4	101.00	101.00	0
Jan. 5	101.00	101.00	0
Jan. 6	101.00	101.00	0
Jan. 7	101.00	101.00	0
Jan. 8	101.00	101.00	0

OIL			
	Jan. 7	Jan. 8	% or Month
CRUDE OIL			
Arabian Light...	25.81	25.81	0
Brent...	25.81	25.81	0
West Texas Intermediate...	25.81	25.81	0
REFINED OIL			
Gas Oil...	25.81	25.81	0
Heating Oil...	25.81	25.81	0

PRECIOUS METALS			
	Jan. 7	Jan. 8	% or Month
CRUDE OIL			
Arabian Light...	25.81	25.81	0
Brent...	25.81	25.81	0
West Texas Intermediate...	25.81	25.81	0
REFINED OIL			
Gas Oil...	25.81	25.81	0
Heating Oil...	25.81	25.81	0

NEW YORK			
	Jan. 7	Jan. 8	% or Month
ALUMINUM			
Primary...	11100	11100	0
Secondary...	11100	11100	0
COPPER			
Primary...	11100	11100	0
Secondary...	11100	11100	0
SILVER			
Primary...	11100	11100	0
Secondary...	11100	11100	0

CHICAGO			
	Jan. 7	Jan. 8	% or Month
LIVE CATTLE			
Febr...	65.77	65.77	0
May...	65.77	65.77	0
Aug...	65.77	65.77	0
LIVE HOGS			
Febr...	65.77	65.77	0
May...	65.77	65.77	0
Aug...	65.77	65.77	0

COPPER			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

ALUMINUM			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

SILVER			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

GRAINS			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

OIL			
	Jan. 7	Jan. 8	% or Month
CRUDE OIL			
Arabian Light...	25.81	25.81	0
Brent...	25.81	25.81	0
West Texas Intermediate...	25.81	25.81	0
REFINED OIL			
Gas Oil...	25.81	25.81	0
Heating Oil...	25.81	25.81	0

NEW YORK			
	Jan. 7	Jan. 8	% or Month
ALUMINUM			
Primary...	11100	11100	0
Secondary...	11100	11100	0
COPPER			
Primary...	11100	11100	0
Secondary...	11100	11100	0
SILVER			
Primary...	11100	11100	0
Secondary...	11100	11100	0

CHICAGO			
	Jan. 7	Jan. 8	% or Month
LIVE CATTLE			
Febr...	65.77	65.77	0
May...	65.77	65.77	0
Aug...	65.77	65.77	0
LIVE HOGS			
Febr...	65.77	65.77	0
May...	65.77	65.77	0
Aug...	65.77	65.77	0

COPPER			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

ALUMINUM			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

SILVER			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

GRAINS			
	Jan. 7	Jan. 8	% or Month
COFFEE			
Arabian...	11100	11100	0
Brazilian...	11100	11100	0
Indonesian...	11100	11100	0
TEA			
Assam...	11100	11100	0
Ceylon...	11100	11100	0
Darjeeling...	11100	11100	0

Price based on trade picked up.			
	Yesterday's close	or Business Done	
K			
per cwt.			
Feb.	14.81-14.64	+0.05-14.12	14.82
March	14.73-14.38	—0.05-14.21	14.74
April	14.62-14.31	—0.04-14.58	14.63
May	14.54-14.23	—0.04-14.58	14.55
June	14.46-14.15	—0.03-14.65	14.47
July	14.38-14.07	—0.02-14.72	14.39
Aug.	14.30-14.00	—0.01-14.79	14.31
Sept.	14.22-13.91	—0.01-14.86	14.23
Oct.	14.14-13.83	—0.01-14.93	14.15
Nov.	14.06-13.75	—0.01-15.00	14.07
Dec.	13.98-13.67	—0.01-15.07	13.99
Feb. 79 (120) lots of 1.45			

SUGAR

LONDON DAILY PRICE—Raw sugar
No. 8 (100) lots down 91.00
No. 11 (100) lots down 91.00
No. 12 (100) lots down 91.00
No. 13 (100) lots down 91.00
No. 14 (100) lots down 91.00
No. 15 (100) lots down 91.00
No. 16 (100) lots down 91.00
No. 17 (100) lots down 91.00
No. 18 (100) lots down 91.00
No. 19 (100) lots down 91.00
No. 20 (100) lots down 91.00
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No. 94 (100) lots down 91.00
No. 95 (100) lots down 91.00
No. 96 (100) lots down 91.00
No. 97 (100) lots down 91.00
No. 98 (100) lots down 91.00
No. 99 (100) lots down 91.00
No. 100 (100) lots down 91.00

Prices initially declined by 10 to 15 cents but rallied strongly on arbitrage activity. The market was heavily influenced by heavy buying, reports of a new crop, and a strong dollar.

No. 8	Yesterday's close	or Business Done	Business Done
Contract			
5 Per tonne			
Mar.	115.1-118.1	118.1-119.1	118.1-119.1
Apr.	115.1-118.1	118.1-119.1	118.1-119.1
May	115.1-118.1	118.1-119.1	118.1-119.1
June	115.1-118.1	118.1-119.1	118.1-119.1
July	115.1-118.1	118.1-119.1	118.1-119.1
Aug.	115.1-118.1	118.1-119.1	118.1-119.1
Sept.	115.1-118.1	118.1-119.1	118.1-119.1
Oct.	115.1-118.1	118.1-119.1	118.1-119.1
Nov.	115.1-118.1	118.1-119.1	118.1-119.1
Dec.	115.1-118.1	118.1-119.1	118.1-119.1

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar maintains momentum

The dollar was very firm on the foreign exchanges yesterday, rising to almost a 12-year peak against the D-mark, a nine-year high against the Swiss franc and a two-year peak for the yen. The Japanese yen, which had been at time highs against the French franc, Italian lira and several other major currencies.

There is a lack of U.S. economic statistics for publication this week, but the market expected a rise of \$6.7bn in weekly U.S. \$M1 money supply, announced Friday, as an indication that the economy is starting to grow again, upward path after the slowdown in the second half of 1984.

Fear of intervention by the German Bundesbank kept the foreign exchanges nervous, and although there was no evidence of any move by the central bank this helped to keep a lid on the dollar of around DM 3.18.

The dollar closed at DM 3.1760 compared with DM 3.1890 on Friday, and also rose to FF 2.1725 from FF 2.1655, Sfr 2.6440 from Sfr 2.6350, and ¥255.85 from ¥255.10. On Bank of England figures, the dollar's index rose to a record 146.3 from 145.1.

STERLING - Trading range

against the dollar in 1984-85 is 2.6400 to 1.1620. December average 1.1572. The exchange rate index fell 0.3 to 72.6, compared with 72.9 six months ago. It opened at 72.5 and remained at that level at 72.5 at each hourly calculation.

Sterling weakened against the dollar and most other major currencies, apart from the yen, as a reflection of low world oil prices and reports in the Press over the weekend that the Government is opposed to a sharp rise in clearing bank base rates in defence of the pound.

Sterling touched a trading low of \$1.1395, only slightly above last Wednesday's record trading low, and after remaining fairly

steady at around \$1.1440-\$1.1450 for most of the day, finished at an all time closing low of \$1.1415-\$1.1425, a fall of 1.25 cents on the day. The pound also fell to DM 3.1650 from DM 3.1850, and ¥255.85 from ¥255.10, and Sfr 2.6440 from Sfr 2.6350.

DEUTSCHE MARK - Trading range against the dollar in 1984-85 is 2.1780 to 2.5335. December average 2.3021. Trade weighted index 120.1 against 124.6 six months ago.

The Deutsche Mark showed mixed changes against major currencies at the Frankfurt exchange, but weakened against the dollar. The Bundesbank did not inter-

STERLING EXCHANGE RATE INDEX

(Bank of England)

Jan 7 Previous	Jan 7 Previous
8.30 am	72.5
9.00 am	72.5
10.00 am	72.5
11.00 am	72.5
12.00 pm	72.5
1.00 pm	72.5
2.00 pm	72.5
3.00 pm	72.5
4.00 pm	72.5

£ in New York

Jan 7	Prev. close
4.00	41.1400
5.00	41.1400
6.00	41.1400
7.00	41.1400
8.00	41.1400
9.00	41.1400
10.00	41.1400
11.00	41.1400
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